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World News

Wednesday April 5 1989

Pressure builds for ceasefire in Namibia

Senior UN officials made their first visit to the battleground in northern Namibia for talks with South African field commanders as diplomats in Afri-can and other capitals sought to reach a UN-monitored cease-

More than 180 people have died in the past four days in fighting across northern Nami-hia between South African security forces and guerrillas of the South West Africa People's Organisation (Swapo). Page 22: Swapo seeks to shift

Bush Nato visit President George Bush announced plans to travel to Europe next month to attend a special meeting of the North Atlantic Treaty Organisation

celebrating 40th anniversary of the Alliance. Page 22 Eta ends truce

Attempts to bring about a negotiated solution to Basque terrorism were finally dashed as the separatist organisation Eta announced it was ending its three-month truce and would resume a campaign of violence. Page 2

Coup leaders jeave Haiti's military government, which survived a coup attempt on Sunday, allowed the leaders of the uprising to leave the country for the US Page 4

Lima blacked out

Much of Lima, Peruvian capital, was without electricity while repairs were made to pylons damaged by the Topac Amaru revolutionary move-ment (MRTA). Page 4

Fraser report moves Pressure grew on the UK Government to publish official report into the talegaver of House of Fraser by the Fayed brothers after acknowledge-ment that it contained evi-dence of "wrongdoing." Page

War debt accord frag's major Western creditors reached a private understanding of terms they will accept in rescheduling Iraq's huge wartime debt. Page 3

Sri Lanka alert

All army and police leave in Sri Lanka was cancelled and the security forces were on full alert to cope with a countrywide strike by the ultra-nationalist JVP. Page 3

Banks reopen

 $N_{i}N_{i}\cdots N_{i}$

, the same

Banks reopened in Argentina but foreign exchange dealing remained suspended for the second consecutive day as the country awaited confirmation of a devaluation of the austral.

Polish talks rift

A rift between the Polish Government and the OPZZ official trade union grouping is threat-ening the planned completion of Poland's round-table talks.

EC health accord Three proposals for common EC rules for health and safety in offices and factories are

expected to win an outline accord from the EC's 12 social affairs ministers. Page 2

Boy wins \$225,000 Ilias Argyridis, a three-year-old Greek boy, won \$225,000 on the national soccer pools after predicting the correct outcome of all 13 weekend matches for his parents' coupon.

(9%)

(97.3) yield: 9.050% (9.059)

London 3-month interbanic

Takeover code for French bourse

Business Summary

French Stock Exchange Council published details of proposed changes to its take-over code, which would force an investor to make an out-right bid cace he has acquired more than a third of the stock of a listed company.

The new rules are subject

to the approval of the Finance Minister, on the advice of the de Bourse, French stock mar-ket regulatory authority, and the Banque de France. Page

COPPER prices the LME con-tinued Monday's retreat, cash metal shedding \$27 a tonne to close at £1,779.50. Sterling's

Copper

Cash metal Grade 'A' 2 per tonne 1900 1700

strength against the dollar accounted for most of the fall. Commodities, Page 34

CONSOLIDATED Gold Fields, UK diversified mining group, produced "a unique performance pledge" as it fired the last shots in its battle to fight off £3.2bn (\$5.45m) hostile bid by Minorco, South African con-trolled investment company. Page 28

CARDO, Swedish industrial holding company affiliated to the Volvo group, is to buy Skine Gripen, Swedish industrial conglomerate, in an agreed (akeover bid worth SKr2.5bn (\$390m). Page 28

STECULATION over future CHARGE OF BIRE ALTOW despended when Harris Associates: Chicago-based investment group, in the UK-based employment agency bedevilled by management upheavals. Page 23 SAUDI INTERNATIONAL, consortium benk in which the Saudi Arabian Monetary Agency has a 50 per cent share-holding, reported pre-tax prof-its of £11.0m (£18.7m) for 1988.

US Treasury bonds moved modestly higher as the dollar clawed back above recent lows. Page 29

COCA-COLA, US soft drinks group, has coupled its contro-versial proposal for a new man-ufacturing plant in India with an offer to assist India's bal-ance of payments through fur-ther curous Pers 2

ther exports. Page 6 KENYA: two international loans to the country worth about \$350m are in jeopardy after disagreements between the government and the IMF and World Bank. Page 8

JOHN FREDRIKSEN, Norwe gian shipping magnate, placed orders worth around \$700m with shipyards around the world. Page 6 HOECHST, West German com-

pany which is the world's big-gest chemicals group, plans to expand its fibre interests into South East Asia following its move into the US fibres market with its purchase of Celanese for \$2.85bn. Page 24 FORD: several Ford US. plined by the company for accepting gratuities from a major supplier. Page 4

CTITZENS & Southern, leading Atlanta bank, has rejected a regional bank. Page 28

Alaska pays a high price for oil

APPROACHING Naked Island, aix hours by small boat out of the port of Valdez, Alaska, there is a sight so bizarre it there is a sight so bizarre it might have come out of a dream. On a pebbly shore, below beetling, spruce-covered cliffs in one of the wildest places on earth, dozens of people in green, yellow and red anoraks are seated in a long

They are wining stones with rage. Every now and then, one lifts a stone, inspects it care-fully and then tosses it into the Sound. He picks up another from the million around him and starts wiping oil off it. The oil is so thick on the beach that it is hard to stand. Walk and you fell

elcome to the clean-up of

Prince William Sound. For the past 12 days, more than 10m gallons of crude oil from the stricken tanker Exxon Valdez have been driven by current and wind, across the face of the sound and on to cliffs and shore, seabirds, fish, mammals and smaller forms of life. On Naked Island, 100 of the thousands of Alaskans and

other Americans who have come to Valdez looking for come to Valdez looking for work are getting \$16 an hour for a 12-hour day, cleaning pebbles for Exxon, the oil company responsible for the spill.

Never mind that they are throwing pebbles back into the water still covered with an oily emulsion. Mr Bob Dawson, a young man from the Veco international oil service com-

pany, who is running the operation on Naked Island, says in exasperation: "Everybody is saying we have got to do something. Well, shoot, we are doing something."

Prince William Sound, a place so beautiful and empty it bewitches the mind, is full of these hallucinations of scale and effort. The manmal appara-

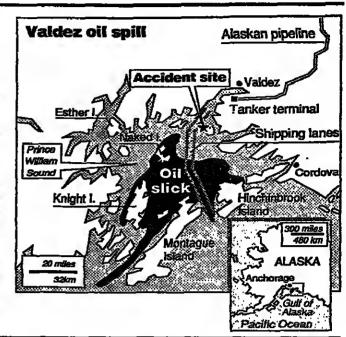
and effort. The mammal apparently most vulnerable to the oil is the sea-otter. It will die of cold if its for becomes matted

with cil.

If an otter is found, exhausted on the shore the rescuers get Exxon up on the radio and a helicopter is in the air from Valdez. According to Dr Randy Davies, an otter biologist from San Diego who is in Valdez, it may take five people

four hours just to clean the animal. If the otter survives - and 11 of the 28 brought in by Sunday have died - it will be flown down to San Diego for rehabilitation.

Exxon, the largest and richest US oil company, has to show willing. The company accepts liability for the spill. This means claims for damages from fishermen at the town of Cordova, home of the Prince William Sound fleet, which could run et \$250m. With per-sonal injury lawyers from New York, Washington, Philadelphia and the West Coast falling over one another to sign up people in Valdez and Cordova on contingency basis, Exxon Continued on Page 22 Technology, Page 12



IMF policy committee insists on linking loans group in big to debt reduction plan

THE International Monetary Fund's (IMF) policy-making Interim Committee yesterday insisted that new commercial bank loans to developing coun-tries must be part of officially supported debt reduction

The 22 nation committee, which includes both industria-lised and developing nations, backed a strengthening of the current international debt strategy by placing greater stress on reduction of debt and debt service.

The committee adopted the decision reached on Sunday by the Group of Seven (G7) leading industrial nations that the IMF should provide resources to assist debt reduction operations in debtor nations pursuing sound economic reforms.
It became clear yesterday

the IMF would look more favourably on countries with thorough-going economic "The stronger the programme of a country, the stronger the financial support," Mr Michel Camdessus,

IMF managing director, said at

a press conference. New money from the banks would be an integral part of restructuring a debtor nation's economy with the help of debt reduction. The committee's insistence on banks providing new loans reflects concern that some banks will use officially supported debt reduction to cease extending new funds to debtors.



WASHINGTON '89

The interim committee underlined that debt reduction should not result in official creditors replacing private lenders to debtor nations. This part of the interim com-

mittee's communique reflected concern on the part of several nations, including Britain, the Netherlands and Switzerland, that debt reduction should not involve a transfer of risk from private creditors such as commercial banks to taxpayers in the industrial countries. It was, however, less explicit than earlier statements on the issue. The last meeting of the Interim Comn' De in West

Berlin in September agreed voluntary debt reduction should take place without transferring risk from private lenders to official creditors. The committee also backed the G7 decision to "examine" the provision of IMF or World Bank funds for limited support

of interest payments
Speaking at a press conference, Mr Onno Ruding, the Dutch Finance Minister and chairman of the Interim Committee, admitted that this key element in US proposals for debt reduction had been a con-

But he denied that the decision to study the issue repre-sented an attempt to bury it. Indeed, in his speech to the joint IMF-World bank Development Committee yesterday, Mr Barber Conable, president of the World Bank, disclosed that the IMF and World Bank had already created a joint task

force to study ontstanding issues of debt reduction.

Mr Ruding said that examination would cover complex technical questions as well as matters of principle. Britain, in particular, argued that interest support harboured the danger of transferring risk from banks to taxpayers.

In a statement to the Development Committee, Mr Nicholas Brady, US Treasury Secretary, said the World Bank needed to strengthen the effectiveness of its structural adjustment lending programmes to developing countries.

The Bank should obtain the approval of its board for the release of individual tranches This demand to restrict the Bank's activities illustrates how the major industrial countries now favour the suprem-acy of the IMF in overseeing how debtor nations manage their economies. This follows disenchantment with the World Bank decision in September to lend \$1.25hn to Argentina after approving defi-cit targets that Mr Camdessus had rejected as too lax. IMF Reports, Page 4

Lockheed to shed systems reshuffle

By Anatole Kaletsky in New York

LOCKHEED, the blg US military contractor, which this week said that Mr Harold Simmons, the Dallas investor, had acquired a 5.3 per cent stake in the group, yesterday announced a major reorganisation designed to focus its operations and boost share-holder value.

Lockheed said it would sell its Information Systems Group, parts of which it acquired two years ago in the \$1.6bn friendly takeover of Sanders Associates.

The four companies in ISG - CalComp, CADAM, Metier and DataPlan - produce respectively computer graph-ics equipment, computer-aided design and manufacturing systems, project management systems and flight planning md weather services.
They had combined reve-

They had combined revenues of \$589m in 1988 and would be sold separately, lockheed said. Analaysts said they might fetch \$10m. Lockheed also said it would sell about 225 acres of land in Burbands. bank near Los Angeles and relocate its Aeronantical Systems Company from Burelsewhere in Ca and in Georgia.

The proceeds of these disposals would fund a share repurchase programme, but 10.5m of fresh shares would be issued to a newly-formed Employee Stock Ownership

After the initial share repurchases and ESOP were executed, employees would own Continued on Page 22 Moving target, Page 23

CGE and **GEC** agree to combine industrial units

By Paul Betts in Paris and Hugo Dixon in London

COMPAGNIE Générale d'Electricité (CGE), the French telecommunications and heavy engineering group, and General Electric Company (GEC) of the UK are strengthening their industrial links by agreeing to combine their industrial process and power control operations.

CGE is also reinforcing its overall financial structure by merging its Alsthom and Financiere Alcatel subsidiaries into CGE. The manoeuvre is expected to boost CGE's group stock market capitalisation by abont FFr10bn to FFr40bn (\$1.5bn to \$6.3bn), Mr Pierre Suard, the CGE chairman, said

He also announced a 23 per cent rise in CGE's overall group net profits to FFr4.15bn ast year from FFr3.4bn on a 4.5 per cent rise in sales to FFr128bn.

Under the agreement the UK concern will shed to the French group's CGEE-Alsthom industrial controls subsidiary the activities of its GEC Elec-trical Projects division, the speed control and robot business of GEC Industrial Controls, the information systems division of GEC Measurements and the 60 per cent stake GEC holds in GEC Power Instrumentation and Control, a joint company with CGEE-Alsthom. Although GEC's original intention had been to pool its power systems activities in one large 50-50 joint venture with CGE-Alsthom, another CGE subsdiary, during negotiations

it became apparent that the electrical projects and indus-

trial control businesses should be put in a separate joint ven-ture with CGEE, GEC said. The bulk of GEC's power

systems activities, however, have been pooled in a 50-50 venture with Alsthom, as originally planned. This venture, which was concluded last month, will have annual sales

of just over £4bn (\$6.8bn).
Since CGEE's activities were much larger than GEC's corresponding businesses, it would have been unreasonable to expect a 50-50 joint venture,

In exchange GEC will receive a 24.5 per cent stake in CGEE Alsthom through an issue of new shares and a seat on the company's board, Mr Suard said. The deal will turn CGEE-Alsthom into a group with annual sales of FFr14bn employing more than 23,000

GEC expects the combination to enhance market oppor-tunities worldwide and lead to more effective product develop-

The twin merger of Alsthom and Financière Alcatel into CGE is designed to strengthen and streamline the financial structure of the group and reinforce CGE's overall industrial control in its two principal subsidiaries.

Mr Suard said that CGE pro posed to offer seven CGE shares for one Financière Alcatel share to absorb the holding company, which directly con-trols 30.9 per cent of the Alcatel NV telecommunications group. CGE through other Continued on Page 22

Britain's reserves suffer their biggest decline in over 10 years

By Ralph Atkins, Economics Staff, in London

BRITAIN'S gold and foreign currency reserves last month saw the biggest fall for more than 10 years as the Bank of England intervened to support the pound. .

Yesterday's Treasury figures came as the pound reversed steep falls on Monday. Dealers were encouraged by comments from Mr Nigel Lawson, the Chancellor of the Exchequer, about his willingness to use interest rates and intervention to defend sterling. . In busy London trading, the

pound closed 1% pfennigs higher against the D.Mark and more than two cents up against the dollar. The Bank of England's trade weighted index rose 0.5 to 95.6, after a fall of 0.5 on Monday. During March the official reserves dropped by an underlying \$1.2bn, the largest Lawson said intervention and monthly fall since April 1978.

The decline, which gives a necessary to prevent sterling rough guide to the scale of falling. Interviewed on BBC

intervention on foreign exchange markets, was far larger than expected by City

It suggests that action to support sterling was more extensive than previously thought. The Bank of England was also selling dollars during the month to check rises in the US currency as part of co-ordi-nated worldwide intervention by major central banks. The dollar yesterday slipped against other major currencies in European trading, continu-

ing falls on Monday.

The reserves figures include action at the end of February when sterling fell steeply amid fears of higher interest rates in West Germany. Speaking in Washington after the meeting of the Group of Seven industrial nations, Mr

radio, he said: "Any depreciation of the pound would be wholly inappropriate."
In spite of last month's fall, the official reserves continue

to provide a comfortable cushion, although the annual revaluation exercise has reduced their book value. At the end last month the reserves stood at \$46.93bn, or \$50.46bn on the The actual change between February and March was a fall of \$1.23bn. The difference

between this and the underly ing change is explained by tender of Treasury bills denominated in European currency units offset by \$670m of matur-ing Ecu Treasury bills. Repayments of borrowing under the exchange cover scheme totalled \$327m. In London, sterling ended at

DM3.19 against DM3.1725 at the previous close and at \$1.7065 against \$1,6860.

Lebanors Fighting may be calculated to pro-

Technology: Why modern techniques failed to

ments The enormous task of merging

12

voke an international reaction ...

Asea and Brown Boveri

the co-operative movement

Mr Gorbachev in London ...

contain the Exxon Valdez oil spill .

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Editorial comment: Too much, yet too little; Soviet Unions Success of reform may lie with Lax Consolidated Gold Fleids; Currencies; Section III

MARKETS STOCK MOICES -Hew York closin \$1,7070 (1.865) Australia **New York closing** At-Ordinaries Index 2,298.20 (-6.60)

Alf-Ordinaries Income 1540 Loadon: \$1,7085 (1,8860) DMS,1900 (3,1725) FF.10.7875 (10,7100) SFr2.7850 (2,7775) Y221.50 (222.75) BOLLAR New York closing DM1,8090 (1,87575) FFr6.3060 (8,3270) SFr1.8320 (1,64025) ¥130.90 (181,76) US kunchtime Federel Funds 94% Lu DM1.8700 (1,8820) FF16.3100 (6.3525)

\$390.9 (-0.2)

SF/1.6315 (1.6430) New York latest \$19.90 (±0.25) (April)

S&P Comp 295.31.(-1,08) FT-BE 100 2062.8 (+3.2) 142.90 (Mon) 33,312:25 (+270.16) Frankluct Commerzbank 1,573.1 (-3.4)

West Tex Crude ...

CONTENTS Shamir must adapt to shifting sands of US Mideast policy For Mr Yitzhak



Shamir, Israeli Prime Minister, who arrives in Washington for talks today, the shifting the Middle East, which includes talking to the PLO, is a little too active for comfort

Survey: Denmark . -Wall Street . Technology ... Unit Trusta ..

Agriculture
Arts-Reviews
World Guide
Commercial Law Currencies

Eta violence feared as talks end

By Tom Burns in Madrid

ATTEMPTS TO bring about a negotiated solution to Basque terrorism were finally dashed yeeterday as the separatiet organisation Eta anounced it was ending its three-month truce and would resume its campaign of violence. Eta's terse statement — "at

zero hours on April 4 all fight-ing fronts will be opened" — prompted an immediate top security alert as it was feared that the separatists would rapidly back up their renewed war footing pledge with action.

There was considerable vigi-lance on Spain's Basque region border with France whers police from both countries worked together to prevent the entry into Spain from France of Eta militants. Five reserve companies of anti-terrorist police were drafted into Madrid from the provinces to provide

additional security.
The statement, delivered to the San Sebastian newspaper

EC set to

approve

safety at

work rules

By William Dawkins in

THREE PROPOSALS for

common European Community rules for bealth and safety in offices and factories are today expected to win an outline

accord from the EC's 12 social

affairs ministers.
While technically detailed, they are of broad political importance to the Spanish Government, which, as current

EC president, is keen to sup-port efforts of Mr Jacques Delors, the European Commis-

sion president, to accord social policy a higher place in the campaign for a single Community market by the end of 1992.

Mrs Vasso Papandreou, the social affairs commissioner, will also disc ministers a more

will also give ministers a prog-ress report on Brussels' plans

for a charter of "fundamental social rights." But this has already drawn criticisms from the UK Government and EC

employers' organisations, who fear too many social policy reg-ulations will be an administra-

tive burden for business.
However, such attacks have not been levelled at today's

directives on workers' safety,

perhaps a sign of their rela-

widest reaching of them, cover-ing health and safety at work,

aims to set minimum stan-dards for the safe design of fac-tories and offices, covering details like electric wiring, fire warning equipment and light-

A second proposal sets mini-mum rules for the safe use and installation of machinery,

Austria to

By Judy Dempsey in

this summer

ticular, it spelt out in no uncer-tain terms that Austria's neu-trality would be maintained and interpreted only by

But senior officials in the

SPOe still harbour reservations about the future direction of

the EC, especially on issues

related to the free movement of people within the Community, one of the goals of the internal

They fear that Vienna's spe-

cial relationship with Eastern Europe – many countries do

not require visas for entering Austria - may be compro-mised by the internal market.

Meanwhile, the SPOe's posi-

tion has been welcomed by the

conservative People's party,

the junior coalition partner. Over the next few weeks, the

Government will draw up a final report, present it to Par-liament and send the letter to

apply for EC membership to

apply

Brussels

EGIN which acts as Eta's plat-form, served notive that the "accords of Algiers have defini-tively broken down". This meant an end to a series of contacts between Eta representatives and Madrid government officials that have been con-ducted intermittently since the truce began in January using the mediation of the Algerian government.
The definitive breakdown of

the contacts stunned Madrid and Basque offials even as they and Basque offials even as they braced themselves for more murders, bomb attacks and kidnappings. For the past week and a half, the Algiers talks and speculation on whether or not Eta's truce would be extended were the dominant features of Spanish news.

The separatists had first announced, on Easter Monday, they were extending their ceasefire for a further three months, but then announced they were breaking the truce

because they objected to the wording of Madrid's statement on the progress of the talks. They subsoquently backtracked again, saying they would prolong the truce first by 24 hours and then by a further 72 bours.

For the past week and a half Interior Minister Jose Luis Corcuera and the senior officials who have been conducting the who have been conducting the highly secret talke were reported as talking to the French and the Algerian governments and as flying back and forth between Paris. Algiers and Madrid in an effort to maintain the momentum of

the peace process.

The alternately dovish and hawkish statements issued by ETA during the nagotiating period could indicate a split in the organisation's ranks, particularly between those who have been conducting the talks in Algiers and the separatist leaders to whom they have

been reporting.
The latter, ETA members who are either imprisoned or living clandestinely in France, are the ones controlling the numerous active cells of gunmen and bombers who have now been ordered into action

A split within Eta and, by extension, a division within its political front party in the Basque region, the radical nationalist coalition Herri Batasuna, appears to be the best that can be hoped for from Madrid's point of view, given a situation that was described by one senior official as a cul-de-sac.

Another hope is that moderate Basque nationalist parties will now close ranks to firmly oppose Eta and Herri Bata-suna Such parties, which rep-resent an overwhelming majority of Basque opinion, have increasingly been adopting such a stand.

W German industrial upswing continues

By Andrew Fisher in

FURTHER EVIDENCE of the continuing buoyancy of the continuing buoyancy of the West German economy was provided yesterday with the news of yet another large monthly trade surplus and an another in industrial production early this year.

West Germany's trade surplus totalled DM11.4bn (£3.6bn) in February, sharply higher than the DM8.2bn of the same month last year, but down on the DM11.8bn of January, 1989.

nary, 1989. In the first two months.

exports rose by 29 per cent over last year and imports by 27 per cent, the Federal Statis-tics Office said.

The main stimulus to West Germany's soaring export per-formance has come from westformance has come from west-ern Europe, and Commerzbank said in a report on West Ger-man trade yesterday that EC countries would again provide the best opportunities for the country's foreign sales. Last year, West Germany's surplus with other EC coun-tries advanced by DM18.5hm to DM81bm, the biggest custom-

DM81bn, the biggest customers being France, the UK, Italy, and the Netherlands. The overall trade surplus was a record DM128bn, which

The industrial output fig-ures released by the Econom-ics Ministry showed a gain of nearly S per cent for February over the same month of 1988 and one of 1.3 per cent over January, 1989. On a seasonally adjusted basis, the February rise over January was 0.3 per cent, with

January was 0.3 per cent, with a jump in both January and February of 6 per cent over the same two months of last year. Fears of overheating led the Bundesbank to raise interest rates early this year, but it was at pains to explain yesterday that it had no plans to tighten monetary policy further.

agreement, thus allowing com-mercial banks to set their own

Pandolfi bar on genetic engineering project

By William Dawkins in

THE NEW European Commissioner for Research and Development, Mr Filipo Maria Pandolfi, has frozen indefinitely an Eculom (19.75m) research project to study human genes with the aim of predicting diseases.

This is believed to be the first time a Commissioner has blocked one of Brussels' own

technology programmes.

It comes as result of warnings by the European Parliament that ench a plan should not be allowed to proceed without some European Community ethical laws on biotechnology. European MPs from the West

German Greens party, in particular, have expressed worries that the results of the project could be abused to influence people's decisions on getting married and having

From there, it could be a short step to the genstic modelling of races. A European Parliament report by Mr Benedikt Haerlin, of the West German Greens, calls for important changes to the scheme, including the establishment of strict ethical

controls.
It would channel Community

cash into cross-border research projects into the nee of hiotechnology to forecast the likelihood of individuals catching specific diseases.

The plan, to cover the three

years to 1991, would also promote "better understanding of the mechanisme of heredity," including the establishment of "an ordered clone library of human DNA," says a Commission paper.
As such, officials stress the scheme would simply collect

facts about genetically related disorders and have none of the sinieter nnderlying consequences apparently suspected by the European Parliament.

Parliament.

The hitch is intensely frustrating for the Commission officials who drew up the scheme, known as Human Genome Analysis, last year.

It was tabled without controversy last summer by Mr Karl-Heinz Naries, the West German Industry Commissioner, who handed over the technology portfolio to Mr Pandolfi on his retirement in January.

It is now stuck as it awaits the preliminary ministerial

the preliminary ministerial approval of the 12 member countries, needed to allow it to return to the Parliament for a second reading, the last stage before final ministerial

account of the controversy.

Pandolfi: warnings from

Official union puts Poland's round-table talks at risk

By Christopher Bobinski in Warsaw

AN UNUSUAL rift between the Polish Government and the OPZZ official trade union grouping is threatening the planned completion today of Poland's round-table talks. The row, over the extent to which wage-earners are to have their incomes linked to

have their incomes linked to the rise in retail prices. It has forced the Solidarity union, which is about to be legalised, into an uneasy alliance with the Government in its battle against the OPZZ, which is led by Mr Alfred Miodowicz, a politburo member.

On Monday svening top negotiators from all three sides, accompanied by Roman Catholic Church observers, began a last-ditch attempt to remove remaining differences and enable the round-table talks to close today.

However, the meeting in Magdalenka, a Warsaw suburb, was overstandowed by the

was overshadowed by the OPZZ's insistence that incomes be linked 100 per cent to inflation. Unless the Government

prices.
On Monday night, OPZZ leaders rebuffed Mr Ireneusz Sekula, the Deputy Premier, and Mr Władysław Baka, a and Mr Wiadyslaw Baca, a party secretary, both responsi-ble for the economy, who urged them to reconsider. A personal request from General Jaruzelski to Mr Miodowicz met the same fate.

The OPZZ said the union, set

The OPZZ said the union, set up in 1982 to replace Solidarity banned a year earlier, felt threatened by the return of Mr Lech Walesa's movement and its stance on wages was aimed at winning the support of the lower paid in particular.

It appears to be backed by conservatives in the Commu-

agrees, the union, which claims 7m members, says it will not sign the round-table's final documents.

The Government, which had initially opposed indexation, had subsequently agreed with Solidarity to compensate for 80 per cent of the fall in living standards caused to rising prices.

Yesterday, at Magdalenka, the authorities gave way to Solidarity on strengthening the powers of a democratically-elected Senste over legislation passed by Parliament, and this has opened the way to a final agreement.

The round-table package includes a Solidarity promise not to boycott elections in June and foresees a minority opposition presence in Parliament and a free contest for the new upper chamber.

Yesterday Solidarity issued a statement accusing the OPZZ of attempting to sabotage the talks and demanding a consumer goods prices' freeze to stay in place until the indexa-tion system begins to function.

Moscow

urged to

scrap giant

oil project

By John Lloyd in Moscow

THE DEEPENING crisis in the

production and availability of consumer goods in the Soviet Union has prompted a group of senior Soviet scientists to call

for the scrapping of one of the country's biggest investments-the construction over the next

decade of five petrochemical projects in the oilfields of west-

ern Siberia, planned as joint ventures with US, Japanese, West German and Italian com-

West German and Italian companies.

The attack on the project, approved at the end of last year by the Council of Ministers, is given extra weight by being headed by three full members of the academy of sciences - Mr. Boris Laskorin, Mr. Nikita Moiseyev and Mr. Mikhail Styrikovich - and by the support given to it hy Izvestia, the government newspaper.

The scientists, in a letter to the newspaper, claim that the project will cost more than double the projected Rs41bn (238bn) investment, will force the relocation of more than im

the relocation of more than Im

workers and their families to. the inhospitable Tyumen region of Western Siberia, will

cause ecological disaster in the area and will, when on stream, force down the world price of

plastics and polymers.

Above all, they claim that the investment will starve both

the rest of the chemical indus-try of much needed funds, inhibit the adoption of energy saving strategies and "exclude any possibility of reorientating the economy in the 13th and

14th five year plan periods (the 1990s) to social needs."

They say that the cost of infrastructure in the region needed to support the plants would be some Rs20-25bn,

financed exclusively by the Soviet side of the joint venture.

"In this way we are almost giv-ing a present to the western countries by creating at our own cost a system of buildings and infrastructure to serve the

joint venture. Are we really so rich to bite off such a large slice from our not-so-luxurious

The academicians stress that

115

Greek, Turkish Cypriots to unstaff Green Line

THE governments of Greek and Turkish Cypriot communities have agreed to withdraw soldiers from three tense observation points on the Green Lins in Nicosia, AP reports from the UN.

Mr Rauf Denktash, the president of the breakaway Turkish Republic of Northern Cyprus, confirmed that his government had fully agreed with the UN plan for the pullback.

Greek Cypriot troops are only 10 meters from Turkish Cypriot troops at some points

Cypriot troops at some points along the buffer zone known as the Green Line. Last year, a Turkish Cypriot and a Greek Cypriot were killed in separate

sniping attacka. Under the terms of the UN plan, both the Greek and Turk-ish Cypriot forces will with-draw from the posts, but will not necessarily have to dis-mantle their defence works. Mr Andreas Aloneftis, the Cypriot Defence Minister, said that his government has agreed to the UN plan. Both sides still have to sign formal

If the plan succeeds, Mr Denktash said it would "naturally lead to further steps toward demilitarisation, "pro-vided the UN is between us. Our armed people must not see each "other" from different

points."
The UN Peacekeeping Force in Cyprus, known as UNFI-CYP, was established in 1964. Since 1974, it has patrolled the Green Line in an attempt to defuse hostilities. It has about

defuse hostilities. It has about 2,100 troops and 34 police monitors from nine nations.

Mr Denktash and Cypriot President George Vassiliou are in New York for a third round of talks mediated by Secretary-General Javier Perez de Cheller on how to recordie the Cuellar on how to reconcile the Greek and Turkish communities on Cyprus. The Mediterranean island

has been unofficially parti-tioned since the Greek govern-ment fomented a coup and Turkish troops moved into the northern sector to protect the Turkish minority community.
The coup failed, but about 30,000 Turkish troops remain and about 50,000 Turks moved from the mainland to settle in .

from the mainland to settle in northern Cyprus, Mr Vassiliou's government demands the removal of the Turkish troops and settlers as part of the process of establishing a national republic with two states with virtual autonomy in local affairs.

The Turkish Cypriot community declared fisall a nation in 1983, but the republic has been recognised only by Turkey.

EC intervention 'must be curbed' argues Redwood

pressures in the rest of tho European Community for more intervention by Brussels and the development of a federal Europe. Mr John Redwood MP, head

Mr John Redwood MP, head of the Prime Minister's policy unit in 1984-85, said in a paper that a "major ideological divide" had opened up between believers in the free market and advocates of a bigger role for the European Commission in regional and social policies, textilen and commany law. taxation and company law.

"The two strands of Euro-"The two strands of European policy are mutually incompatible, and one needs to triumph," the paper says, arguing that increased interventionism, favoured by socialist groupings in the Commission would undermine the principles of free competition enshrined in the Treaty of Rospe.

ome.

Mr Redwood's paper, which
echoes many of the themes of
Mrs Thatcher's speech last
year to the College of Europe

A FORMER senior adviser to in Bruges, recommends a number of steps to curb EC intercelled for firm action to stem proposals that:

• European regional policy subsidies should be immediately abolished and the Common Agricultural Policy replaced by a market-based.

replaced by a market-based system.

• Britain should not become a full member of the European Monetary System. Europe should give freer play to market pressures which would lead to a revaluation of the Deutsche Mark.

• Fiscal harmonisation in Europe should be achieved by increased competition between national tax authorities and not imposed by Brussels.

• The Commission's competition directorate should be strengthened, but its control over mergers should be limited.

strengthened, but its control over mergers should be limited to deals involving total turnover of more than £2bn a year. * Europe 1992: the good and the bad; by John Redwood; £3.50; Centre for Policy Studies, 8 Wilfred Street, London SWI R6PL, 01-828 1176.

However, with the new regulations, the shopkeepers may feel the pinch as the Hungari

The academicians stress that their objections spring in the first instance from concern over the social crisis in the USSR. "The growing political activity of the people and growing social optimism is not accompanied by any significant improvements in the resolution of existing social problems. This situation cannot continue for long. We have to change the economic structure and use existing resources constructively".

In a brief response also printed by Izvesta, Mr A I Lukashov, deputy chief of Gosplan, the state planning agency, says the project is a "commercial secret and thus not open to public discussion, especially by "incompetent sources" in an editorial.

The newspaper says it "has

The newspaper says it "has to be debated competently and universally - you cannot discuss a project affecting the lives of millions of people without their knowledge."

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Financial Times (Scandinavia) Ltd. Ostergade 44, Copenhagen, DENMARK

New import rules send Hungarians on Viennese spending spree in a "position paper" released earlier this week, the party concluded that applying to the EC would be "profitable", but that Austria should not apply "at any cost." In particular to the second of t

VIENNA'S BMW drivers stood no chance yesterday against no chance yesterday against the Hungarian invasion.
Driving their two-stroke East German Trabants, the Magyars hogged the city's ring road, anxious to find Mariabilferstrasse, one of the main shopping thoroughfaree. There, 150,000 Magyars splashed ont on videos, computers, televisions weshing machines sions, weshing machines, radios and other bousebold

expensive capital.

It was the second incursion in five months. Last November, 100,000 Hungarians chose to celebrate the 1917 Revolution with a spending spree in the West. But yestsrday's events came as a surprise. Hungarians are expected to stay at home and celebrate the liberation of 1945. Instead, they rusbed across to Austria.

This surge of panic-bnying stems from new regulations

Each Hungarian is allowed the equivalent of 19,000 forints in hard currency spread over three years, a tiny sum for the consumer-hungry Magyar who wheel-and-deal back in Budapest with their new goods in order to obtain more hard currency to travel to Vienna. Understandahly, Vienness shopkeepers were delighted with the business. Last year alone, Hungarians spent more than Sch 6bn (£85m).

Polish customs officials launch crackdown on 'trader tourists'

By Lesile Colitt in Berlin

POLISH customs officials have

cracked down on tens of thousands of Poles anxious to sell food, vodka and clothing in West Berlin and Austria in order to earn hard currency and beat spiralling inflation. Until recently, more than 20,000 Poles came to nearby West Berlin on weekends in tiny Polski Fiats and buses fil-

beiter (guest-workers) who thronged a makeshift Polish market near the Berlin Wall where Poles sold butter for DM1 (31p) a pound, half the normal price in West Ger-

many. Back home the Poles converted the DM1 at the now official "private" exchange rate and obtained more than led with butter, eggs, cheese, cigarettes, vodka and knit-wear. Their best customers in the West were Turkish Gastar-of DM200 exchanged into zlo-

plained bitterly about unfair competition and the West Berlin authorities decided that the
foods violated health regulations. The Poles were forbidden to sell food although in
practice only those selling
large quantities were affected.

The Polith were affected.

The Polish press criticised

tys was the equivalent of more than three months wages.
Some Poles even sold tins of smuggled Eussian Beluga caving to West Berlin gournets.
But retailers in the city comfound to contain 112 tons of cheese. Poles, however, con-tinue to stream into West Ber-lin to buy electronic goods and

West Berlin and Austria are the only two Western destina-tions to which Poles can travel

ary 1, they have been allowed to keep their passports valid for travel to the West at home. Those who make the trip frequently, result the items and make a handsome profit in zlo-

make a handsome profit in 210-tys. Increasingly, however, they demand dollars for the goods at home as the infla-tion-ridden zloty mainly serves to buy basic goods and ser-vices. Viate and houses as well as desirable goods in many Polish cities are only sold for

Small Polish entrepreneurs also drive to West Berlin where they load trailers with raw materials and spare parts for their workshops in Poznan and Colometr

for their workshops in Poznan and Gdansk.

The growing grassroots commercial links between Poland and West Berlin as well as the spending spree by Hungarians in Austria may well be a harbinger of things to come in a Europe where the East-West division is beginning to look like an anachrunism.

ans' consumer power is cut back. "If you know the Hun-garians, they will get around the tax somehow," one video-shop manager commented. "Business will tail off for a while. But they'll be back, eager as ever, to spend their money," he added as his sales assistant spoke impeccable Hungarian to a customer. FINANCIAL TIMES

President Mitterrand samples some of the culinary delights of the town of Günzburg where he met Chancellor Kohl Mitterrand and Kohl prepare for summit By Haig Simonian in Günzburg

MILITARY ISSUES remained surprisingly absent from the agenda at yesterday's meeting between Chancellor Helmnt Kohl of West Germany and President Francois Mitterrand of France, called to prepare their positions absent of a their positions ahead of a string of key international con-

ferences in next three months, The meeting in the small Bavarian town of Gunzburg, marking the first visit by a French leader to the town since Napoleon in 1805, was devoted to co-ordinating joint positions at the forthcoming European summit in Madrid at the end of June, and the seven nation world economic summit, which is due to take place

designed to complement a sep-arate Commission directive setin Paris in July.

However, President Mitterrand used the occasion to
launch a powerful call for a
return to stability in Lebanon, ting common technical require-ments for machine tools, which received ministerial approval last year. The final scheme lays down common standards currently rent by renewed sec-tarian fighting. The President said France and the European Community had made a vari-ety of diplomatic initiatives, so far in vain.

However, the President was for the use of protective cloth-ing for industrial machinery

short of concrete suggestions for ending the fighting, apart from further moral, psychologi-cal and diplomatic pressure by

car and appointed pressure by concerned nations. With the report hy the Delors committee on closer European economic and mone-AUSTRIA'S coalition Government will formelly epply for membership of the European Community this summer, ending months of speculation and internal wrangling among the country's political parties and within the Socialist party (SPOe).

The decision to press ahead with the application was made after the SPOe, senior partner in the coalition led by chancellor Franz Vranitzky, finally closed ranks over the issue.

In a "position paper" tary co-operation due to be submitted by the end of this month, monetary and eco-nomic issues played an impor-tant part in the two leaders' talks. Mr Kohl said he hoped the EC would be able to push through the major lines of pol-

presidency in December follow-ing preliminary consideration of the report at the next European Council meeting in Mad-rid at the end of June.

their enthusiasm to press ahead with the "true" abolition of border controls between EC member states. There is no sense to have the free circulation of goods if you block the free circulation of people", said

was not specifically raised.
The two leaders said they intended to emphasise environmental issues at this year's world economic summit, while also drawing attention to the links between environmental issues and the debt problems of third world countries. The recent oil spillage in Alaska had once again show the "global ondangerment of the environment", said Mr Kohl.

armament. However, the subject is likely to feature much more prominently at the next formal Franco-German summit in Paris later this month, which will also mark the first official meeting of the joint Defence Council set up by the

icy by the end of the French Both leaders proclaimed

Mr Kohl.

Both said they recognised open borders between EC countries required joint policies towards political asylum seekers and also towards international crime. The question of a new European body to combat international criminal gangs

Defence issues were barely raised, despite the differences between the two countries on conventional and nuclear dis-



economists expect to increase again this year.

The industrial output fig-

This was after it reverted to an interest rate tender for this week's securities repurchase

mercial banks to set their own rates.

In past weeks, it had adopted a fixed rate tender to caim financial markets and keep rates steady.

This week'e change is expected to lead to an increase from the latest 5.80 per cent reporate, but no rises in the key Lombard and discount rates are seen likely at tomorrow's Bundesbank council meeting.

before final ministerial adoption.

Member states, as a result, have convened a group of national biotechnology experts to debate the sthical consequences of human genetic research.

However, irritated Commission officials have no idea when they will even begin to redraft the scheme to take account of the controversy.



urged to

Book also Add Marie

OVERSEAS NEWS

Creditors reach accord on Iraqi debt repayment

By Andrew Gowers in Baghdad

IRAQ'S majnr Western creditors have reached a pri-vate understanding of the terms they are prepared to accept in rescheduling Iraq's

The informal agreement, understood to have been reached at the Paris Chib of industrialised countries in January, is designed to prevent Iraq continuing to play its creditors off against one another to obtain favourable resheduling terms.

It is understood to set a fiveyear limit for bilateral rescheduling agreements in the absence of a full-scale multilateral rescheduling under the auspices of the Paris Club. Iraq's total foreign debt is a

secret, but Western estimates range upwards from \$650n. Of this, \$30nn is owed to other Arab countries, principally Saudi Arabia and Knwait which helped bankroll the Iraqi war effort. These are unlikely to be repaid.

Iraq'e debta to developed countries are substantial, with Japan exposed for around \$5bn and France and West Germany possibly owed \$5bn each.

Baghdad has handled the debt burden with considerable skill, negotiating with each creditor to reschedule payments from 1985 on. It has used prospects of post-war reconstruction business to encour-

money. Creditors appear to have been prompted to form a united front in January by the prospects of further rescheduling negotiations. The grace period of several of Iraq's earlier deals end this year. Payments due during 1989 are esti-mated at around \$5bn against last year's oil revenue of \$12bn. Iraq is expected to meet some of the required payments in

West Germany has reached agreement with the Iraqis to reschedule DML4bn under the Paris Clnb terms. Italy has resolved outstanding problems, and Turkey is thought to have made a deal.

made a desi.
Iraq has agreed to put 25 per cent of its Japanese oil sales revenues into an escrow account in Tokyo to service its estimated \$2bn-\$3bn owed to the three main Japanese trading houses. Japan is rumoured on the point of another deal to cover other tradicals. cover other Iraqi debt. But Iraq and France have failed to reach agreement on reschedul-

reach agreement on rescheduling.

Western officials are worried by the scale of Iraq's debt and that Baghdad appears to be postponing payments with no overall agreement in prospect. Some industrialised countries would like to press Iraq to go to the Paris Cinb, but Baghdad to milikely to agree as this is unlikely to agree as this would entail outside scrutiny

US report of nuclear arms capability dismissed

WESTERN OFFICIALS based American newspaper report that Iraq is on the point of

that Iraq is on the point of producing nuclear warheads for its growing arsenal of long-range ballistic missiles. The report, published last week in the Washington Post and attributed to Israeli intelli-gence sources, said, Iraq was making a nuclear warhead for a missile which could reach making a nuclear warhead for a missile which could reach Israel. Some of the Israeli sources said Iraq was only two years from testing such a war-head, while others said the Iraqi project, would need.

another five years.

The allegation - predictably denied by fraquolicials = has caused controversy ahead of this week's talks between Mr Yltzhak Shamir, the Israeli Prime Minister, and President

Iraq does bave what is believed to be a fairly low-level research programme on nuclear energy, and there has been much speculation that in the long term Baghdad might harbour wider nuclear ambitions. It was concern over this possibility which prompted Israel to bomb the Osiraq reac-

tor in 1981.
The Western officials in Baghdad say Iraq has not reactivated that reactor, although its other small experimental nuclear reactor at Salman Paknear Baghdad, is still operat-

The International Atomic Energy Agency conducts regular inspections to ensure that insuse is purely peaceful, and diplomats can find no evidence that Irani research has yet taken it into more sinister territory

"We don't have any evidence that they're anywhere near that stage," said one. "It sounds to me like the Israells are plecing a lot of little things together and making too much of it."

Sri Lankan forces on alert ahead of strike

By Mervyn de Silva in Colombo

ALL ARMY and police leave has been cancelled and the security forces placed on "full alert" to cope with a country-wide striks by the ultra-nationalist JVP today.
It is the anniversary of the

abortive insurrection of 1971

launched by the JVP against the left-inclined "United Front" of Mrs Sirima Bandaranaike. The hartal (strike) is the first major political confrontation between the JVP and the newly elected President Rana-

singha Premadasa. The JVP has ordered all shops, markets, government offices and banks to close, and

asked private bus operators to

In its latest appeal it has merely asked people not to cel-ebrate the New Year in the "traditional fashion" but in a "low key" way, mindful that Sri Lanka is occupied by 50, 000 troops of the "Indian expansionists, agents of West-ern imperialism," end that

year on April 12-18.

keep off the roads.

However, it seems to have had second thoughts on its original plan to paralyse the country for one week, ending after the Sinhalese-Tamil new

hundreds of young Sinhalese patriots are being butchered by the servile pro-Indian Pre-

Gandhi in bitter attack on opposition By David Housego in

MR Rajiv Gandhi, the Indian Prime Minister, yesterday set the tone for what promises to be a bitter election campaign when he accused the opposition of extending support to those who had been behind the murder of his mother, former Prime Minister Mrs Indira

His remarks came smid con-tinuing noisy scenes in both houses of parliament over the government's refusal to dis-close the full contents of the report of the Thakker commis-sion into Mrs Gandhi's assassi-

In the Upper House, the opposition walked out after the Speaker backed the government's case. At the same time Mr P. Chidambaran, Minister of State for Home Affairs,

ister of State for Home Affairs, announced that charges would be brought forward shortly against "a few" persons involved in a larger conspiracy to assassinate Mrs Gandhi.

A newspaper report yesterday claimed that the conspiracy included plans to destabilise the Punjab and cut off the country's lines of communication with Kashmir, the province bordering Pakistan and which is in dispute between the two countries. the two countries.

Citing unidentified sources

the report in the Indian Post said the plot included "vio-lence and anarchy, the blow-ing up of bridges and communicatione networks and

nicatione networks and hijacking of planes."

Mr Gandhi, in a hard-hitting speech to student workers of the Congress party, left little donbt that the theme of threats to the nation's unity would be a major element in the party's election campaign. He said that the assaudination of Mrs Gandhi was part of a conspiracy against the integrity of the nation and that it was not at an end.

rity of the nation and that it was not at an end.

Taking up again accusations which caused a storm in Parliament when he made them recently, he charged the opposition with supporting Sikh extremists. He said they had falled to disown one of their leaders whom he had claimed had supported the murderers of his mother.

He also accused them of sup-plying arms to their officials in non-Congress ruled states and instigating violence. Mr Gandhi's tough speech and the launching of further criminal charges over Mrs Gandhi's assassination; mark the govermment's first major attempt to regain the offensive afte the buffeting it has taken over

the Thakkar report. This accused Mr R.K. Dhawan, a former assistant of Mrs Gandhi and now a close associate of the Prime Minister, of being behind the assassination. The controversy over the previously escret report, details of which were first leaked in the press, has revealed rifts within Mr Gandhi's administration.

Mr Gandhi's remarks yester-day suggest he hopes to reverse the tide by playing on the sympathy felt for his mother and resurrecting tha threat of the nation in danger.

Correction

In some editions of the in some editions of the financial Times yesterday pic-tures of Professor Romano Prodi, president of Irl, and Dr Mahathir Mohamed, Malaysia's Prime Minister, were transposed. The error occurred on the European and Overseas pages of the London edition and the European and first section back page of the inter-national edition.

Aoun presses for end to Lebanon stalemate

Moves are afoot to provoke an international reaction, Lara Marlowe reports

A S the devastating artillery battles in Beirut enter their fourth week, the motives of Christian General Michel Aoun in challenging the Strate error in an lenging the Syrian army in an apparently unwinnable military contest are becoming

Gen Aoun's escalation of the conflict seems calculated to draw international attention back to Lebanon, perhaps in the hope that a Western or international army can once more be induced to take on the role of peacekeepers.

role of peacekeepers.

The Arab League, the European Community and the United Nations Security Council have all appealed for an end to the latest fighting in Lebanon, which has killed more than 120 people since mid-March. The French government has confirmed that it is trying to negotiate a truce.

Even with the fragile enport of Dr Samir Geagea's Christian militia — which lost a military struggle with Gen Aoun'e army in February this year — Lebanon's Christian troops and militiamen are outnumbered at least three to one by an estimated 30,000 Syrian soldiers who are assisting their Druze and Shia Amal allies.

Despite recent Iraqi military assistance to Dr Geagea's "Lebanese Forces" militia and Gen

anese Forces" militia and Gen Aoun's army, the Syrians are more heavily armed and hold the high ground around Beirut from which they can shell Christian areas of the capital Although the Syrians cannot

be driven out, senior Iraqi For-eign Ministry officials do not hide their delight at the predic-ament of their enemies. When their Christian allies were using fraqi money and weap-ons to fight each other in Feb-ruary, Iraq made it clear to both sides that their armaments were intended for use against Syria. Gen Aoun's assault has

caused Damascus considerable embarrassment. Since they entered Lebanon as part of an Arab League peacekeeping force in 1976, the Syrians have



A resident struggles through the wreckage caused by shelling in Christian East Beirut

presented themselves as a deterrent force acting on behalf of the people of Leba-

The Syrians bave shelled Christian forces in East Beirut before – they bombarded the city in 1980 – but they have never altered their publicly stated claim to be there at the

request of all or part of the Lebanese government. The Soviet Union, the French government and those Arab Gulf countries who might be prepared to support the weakened Syrian economy are all putting diplomatic pressure on President Hafez al-Assad'e government in Damascus to reach an agreement to cease

The pressure to leave Lebanon - coming after Iraq's vic-tory in the Gulf war, decreased Soviet military support for Syria and the resurgence of Palestinian leaders opposed to Syria during the uprising in the Israeli-occupied territories
- is a further blow to Syrian

Gen Aoun, who makes no secret of his desire to be presi-dent of all Lebanon, stands to gain immense popularity if he can be the instrument of a solution to the stalemate which has left Lebanon with two governments - one Chris-tian and one Moslem - since the abortive presidential elec-

tion in September.

But it is unclear exactly what the ambitious Gen Aoun hopes to do or what kind of foreign intervention he might be searching for. An immediate withdrawal of Syrian forces is inconceivable. It would be an unacceptable climbdown for President Assad, and could leave Lebanon in even greater chaos than before.

Lebanon's Maronite Christians have historically looked to France for assistance ever since French troops first came to rescue them after the Druze massacred Christians in 1860. Despite the humiliation France has suffered in Lebanon -

both at the end of its mandate and during its participation in the ill-fated multinational force between 1983 and 1984 – the French keep a close interest in the country. Since Gen Aoun demanded

the departure of Syrian troops in mid-March, Lebanese Chrisin mid-March, Lebanese Chris-tians have demonstrated in Paris, in front of the Lebanese Embassy and the French National Assembly, repeating Aour's insistence that the Syrians leave, and calling on the French government to inter-

Mr Roland Dumas, French Foreign Minister, met Mr Far-ouq al-Sharaa, the Syrian Foreign Minister, in Paris, and the two men arranged a state visit to France by Presideot Assad. The increase in Franco-Syr-ian contacts has been con-demned by Mr François Leo-tard, president of the French conservative Parti Republicain, who has binted France should

Christians in the current fight-

Syrian and Christian gunners yesterday continued to pound residential areas in and around Beirut, and the Lebanese electricity authority warned that most of the country would run out of power unless the fighting ended, AP reports from Beirut. Police said six people were

killed and 18 wounded over-night. The casoaltles raised the toll to 153 people killed and 499 wounded since March 8, when the current round of hostilities broke out between General Michel Aoun's Christian troops and an alliance of Syrian and Druse forces The electricity antbority

said that its generating station in the Christian soburb of Zouk would run out of fuel oil later in the day and it would stop providing power to most

of Lebanon.

A freighter loaded with 30 tons of fuel oil has oot been able to unload its cargo at the power station's dock due to

But if France ever contemplated sending troops back to Beirut – which may be what General Aoun has at the back of his mind – the government would insist on the most stringent conditions to ensure their forces were acceptable to all

More than 50 French soldiers were killed on October 23, 1983, At present, there is only a small French logistics unit at UN headquarters in Naqoura, on the Israeli-Lebanese border, supporting the UNIFIL peacekeeping army in southern Leb-anon. Most nations, including France, would undoubtedly prefer any peacekeeping force sent to Beirut as the result of an eventual agreement to be

under UN auspices.
UN peacekeeping forces won
the Nobel Peace Prize last year and UNIFIL (United Nations Interim Force In Lebanon) is the only foreign army there to have avoided involvement in the Lebanese civil war.

Kenya loans worth \$350m under threat

By Julian Ozanne in Nairobi

TWO international loans to Kenya worth approximately \$350m (£206m) have been put in jeopardy following disagreements between the government and the International Monetary Fund and World Bank over the progress of the country's structural adjustment

Western diplomats say that colessor George Saitoti, Kenya's Minister of Finance, who returned from Washington this week, was told by Bank and Fund officials that moves to liberalise the econ-omy, particularly in the field of import licensing, are inadequate, Unless major changes of policy are addressed in the hudget next June, say the diplomats, further loans will be

Dishursement of the second tranche of the World Bank's Industrial Sector Adjustment Credit, due in June and worth about \$50m, has been post-poned until the government demonstrates its commitment to automatic unrestricted licensing for imports of strategic agricultural, industrial and ing quantitive restrictions for

tariffs on all other goods. Further action on export promotion and investment incentives are also linked to the

The IMF is insisting on key fiscal reforms to be made this year before Kenya can be considered for a highly conces-

Adjustment Facility worth SDR227m over three years. Cuts in public expenditure, particularly in government personnel, and increased revenue through introducing user charges in education and health, are the main condi-

In the past five years, Kenya has had a better-than-average passed over twice for an extended structural adjustment loan, an IMF facility which provides for long-term repayments at low interest

Last year, all IMF targets agreed under a Structural Adjustment Facility were sucessfully met. GDP grew by 5 per cent, inflation averaged 10.4 per cent and the budget deficit goal of 4.5 per cent of GDP is expected to be achieved by the end of the financial year in June as a result of sound fiscal management. Net domestic credit grew by

7.2 per cent in 1988 and credit to the government decreased by 6.7 per cent. The current To meet its balance of pay-

ments deficits, the government needs the concessional IMF and World Bank loans and the bilateral donor money which is conditional on implementation of structural adjustment policies. But the government is also sensitive to the political consequences of tough eco-

Seoul and Moscow in shipping pact SOUTH KOREA and the Soviet

Union have agreed to open a direct shipping route between the southern Korean port of Pusan and the Soviet Far East-ern ports of Nakhodka and Vostochniy, APDJ reports

came a day after the Soviet Union opened its first trade office in South Korea, becoming the third Communist coun-try to do so, signalling warmer

and the Eastern bloc. Hungary and Yugoslavia last year opened trade offices in Seoul and Poland and Bulgaria were expected to open Korean trade offices next month. The Korea Marltlme and

Port Administration (KMPA) said documents for the projected direct liner service were signed in Moscow last Wednesday at the end of three days of

the Soviet Ministry of Mer-

chant Fleet. KMPA said, however, that both have yet to agree when service will begin and that the issue is expected to be settled in the latter half of this year when hoth sides are scheduled to meet again in Seoul.

Zambia farm project financing completed By Nicholas Woodsworth in Harare

A FINANCING package has been completed for a \$40m cotton and wheat farming project in Zambia.

The deal, signed in in Washington after 18 months of nego-

tiations, involves Masstock International – an Irish agricultural company with interests in Europe, the Middle East and China – as well as three US companies and four international development agencies.

Masstock has 63 per cent of
the project. J.L. Case, the agricultural machinery supplier, and Valmont Industries, an

irrigation equipment manufac-turer, are providing equity par-ticipation of \$1.25m and \$0.6m

respectively, while Pfizer is supplying \$1.7m.
Further equity participation is being taken by the Commonwealth Development Corporation and local investors. The CDC and the International Finance Corporation, the com-mercial arm of the World Bank, are providing "income participation loans" totalling

The IFC is providing a com-mercial loan of \$6.5m for the

project. Further losn financing includes \$6m from the US Overseas Private Investment Corporation, and \$3m from the US Agency for International Development. Masstock hopes to pay much of its local currency costs with funds generated through the purchase of foreign debts sold at highly discounted rates.
The project, in Chiwa at the

confluence of the Zambezi and Kafue Rivers, will use centrepivot irrigation on 3,200 hect-ares. It is expected to produce 5,000 tonnes of cotton for export annually and 12,000 tonnes of wheat for local con-Masstock is the latest foreign agricultural company to invest in high-tech projects in Zam-

hia. Problems with manage-ment, land tenure and foreign

exchange availability have hampered previous efforts. But Mr Martin Flannery, the project's general manager, claims Masstock's extensive managerial experience in agricultural development in Sandi Arabia will allow the company

Formally beaded by Presi-

dent Sam Nujoma, effective control of the organisatioo,

dominated by the Ovambo peo-

ple of Namibia - the majority tribe - is in the hands of a

bilateral talks.
They said Seoul was represented by KMPA's Maritime Transport Bureau chief Choi Jang-bwa, while Moscow was represented by Mr Vagin D. Konilov, director of the For-eign Relations Department of

Swapo supporters seek to shift blame for carnage on to the UN

ership clique.

Recent events indicate that the leadership in exile has seriously misread the situation on the ground, Anthony Robinson reports

S flerce fighting contin-ued yesterday in North-ern Namibia and urgent diplomatic moves got under way to arrange a cease-fire, Swapo supporters at home and abroad sought to shift the blame for the massacre of its guerrillas on to the shoulders of the United Nations In New York, Mr Theo Ben-Gurirah, the Swapo foreign minister said bitterly: "Our

people are being butchered under the United Nations flag." In Windhoek the Namibian Council of Churches claimed: The South Africans are holding the UN hostage with their scare tactics on impartiality."
In effect, the United Nations is being blamed for agreeing to the limited re-mobilisation of South African units to counter a 1,200-strong Swapo incursion

which Swapo supporters either deny or insist took place only

because they were expecting to be met by UN Transition Assistance Group forces who would allow them to assemble at bases in Namibia. On Kaiser Street, the main thoroughfare of the capital of this former German colony,

Swapo supporters lined the road outside UNTAG's tempo-

rary headquarters yesterday, carrying posters which ranged from, "We support our heroic Plan fighters" to "Ahtisaari, don't be fooled by Pienaar".

Mr Martti Ahtisaari is the United Nations secretarygeneral's representative, who is supposed to supervise the process leading to Namibian ecendence in tandem with Mr. Louis Pienaar, Pretoria's Administrator-General.

police said. Mr Pik Botha, South Africa's Foreign Minis-ter, yesterday asksd Mr Pienaar to urge Mr Ahtisaari to place all available UNTAG

West Africa People's Organisa-tion (Swapo), whose incursion over the Angolan border since April 1 has led to the fiercest battles and gravest casualties of the entire 23-year war. Among the dead were three senior Swapo commandos, police said Mr Pik Roths. pioned the cause of Swapo, calling it the "sole and authenbian people".

tic representative of the Nami-Events over the past few days indicate that Swapo's leadership in exile has seri-

ously misread the situation on The price is being paid by some of the estimated 7,500 armed Plan guerrillas who for can spies. years have lived in Angolan or

ranks of Plan. There have been reports of mutinies in the camps and executions by Plan's feared security units. In February 1986, Swapo amounced it had detained 100 people as suspected South Afri-A poster issued by the Par-

Nor is all well within the

ents Committee of Namibia, now pasted up on many Windhoek walls, asks: "Swapo refuses to name these Nami-

These are questions likely to haunt Swapo during the elec-tion campaign which lies ahead if the peace process can be brought back on track. They are asked by many of Swapo's former middle-class supporters who bave drifted away over the years in frustra-tioo at the inflexibility and lack of internal democracy of an organisation which has never held a formal congress, and whose central committee

was then fudged by senior UN officials and never resolved." To order the guerrillas to act nn the assumption they would receive safe conduct

small group consisting of Mr Hidipo Hamutenya, the infor-mation minister, Peter Mneshi-hange, who holds the key defence portfolio, Dino Amambo, the Plan chief of Staff, and Mr Lucas Pohamba who looks after finances. who looks after finances. Although the scale of the current carnage in the oorth is unprecedented, and likely to get worse, Plan has been sending eeveral bundred lightlyarmed guerrillas south every year to almost certain death at the hands of the South African trained and well-equipped security forces.

They came every year around the same time along the same bush trails and we killed them in the same places evsry year," a senior South African officer said at the Oshakati hase as he poked with his foot at the pathetic pile of bloodstained uniforms and broken weapons garnered from the killing fields along

"Bnt they bave always fought bravely and are fighting bravely now." The tragedy is that "if they had waited until May 15, left their weapons behind and come across peace-fully as returning refugees, they could have walked across and fought for power peace-fully at the elections."

border has already edged up to the 200 level and South African commanders say hundreds more face a similar fate unless Swapo leaders accept the key South African pre-condition for acceptance of an UNTAG-monitored ceasefire. That condition is Swapo

The Plan death toll along the

agreement to repatriation to camps in Angola at least 250 kms from the border beyond the 16th Parallel as stipulated in the December 22 peace accord signed in New York.

Until now, Swapo has insisted that its forces should be allowed to remain in UNTAG monitored camps inside Namibia. The longer it insists on this point, the more its men pinned down in northern Namibia will die

Plan stands for the People's units on the Angolan border The irony is that for years, the United Nations has cham-Liberation Army of Namibia, the military wing of the South bians. Who are they? Where are they? Are they still alive?" has become little more than a Guerrilla leaders assess results of bungled operation

Africa People's Organisation (Swapo) were last night assess ing the consequences of a political and military opera-tion which ended in disaster, Michael Holman writes. The purpose of the infiltra-tion of 1,200 guerrillas from Angola into Namibia was two-fold, say Western diplomats.

They accept the guerrillas

had no plans to attack South

African forces. Rather, the insurgents intended to gather under what they thought

would be the protective banner of the UN monitoring They would then claim they had emerged from operational bases within the territory

something Swapo has in fact not been able to establish — and enhance their status as an effective guerrilla force. The eccond intentinn, according to this assessment, was to bury some of their weapons before taking advantage of the UN presence. These would then be available

break down. Rhodesian guerrillas adopted this tactic during the 1979-80 transition to Swapo's defence of the operation, emerging from officials

in London, Harare and Luanda, appears confused and sometimes contradictory. Some officials continue to maintain the fiction that the guerrillas were well established in northern Namibia, although the report on the fighting submitted to the UN

Security Council makes clear they had infiltrated from Angola. Swapo officials maintain that the complex documenta-tion surrounding UN Resolu-tion 435, the basis of the terri-

tory's settlement plan, provides for assembly of guerrillas within Namibia. This is correct in theory, but Swapo officials must have known no provision had in fact been made. As a Swapo document issued in London this week puts it "This issue

was a misjudgment of the reality on the ground. Further setbacks for Swapo may yet It has been challenged to

produce some 70,000 refugees from Namibla, for whom it has received funding from the UN and other bodies. Some reports suggest there may be no more

IMF/WORLD BANK MEETINGS

The West takes a leap in the dark on debt

Peter Norman and Stephen Fidler analyse the attempt to solve the Third World lending crisis

HE agreement to put the financial muscle of the industrialised world behind cutting the developing world's deht burden is an attempt to put an intractable problem into a virtuous circle. At first sight, the agreement yesterday of the International Monetary Fund's policy mak-ing Interim Committee for the IMF end World Bank to pro-vide resources to facilitate debt reduction operations appears to be little more than an arcane modification in an already abstruse area of policy. But the background to this week's decision, and the agree-ment to examine limited inter-

vice reduction, is dramatic This week's moves follow February's bloody riots in Venezuela, that left 300 dead and highlighted the growing economic, social and political strains in Latin America.

est support for debt or debt ser-

The agreement reflects the changing nature of the debt crisis in the six and a balf years since Mexico sbocked the world by announcing a morato-rium on the payment of its commercial bank debt.
The good news is that the

crisis is no longer perceived as a threat to the world's finan-



lent so much to Latin American debtors in the 1970s, have rebuilt their balance sheets by provisioning against loan ses and increasing capital. The bad news for Latin America is that the banks have also scaled back their financial exposure to the continent.
This, combined with the

endemic problem of capital flight, has condemned counflight, has condemned countries like Mexico and Brazil to shortages of capital for investment and falling living standards. The economic crisis in Latin America bas deprived the industrialised nations, and the US in particular, of trading opportunities. It poses a social and strategic threat in America's backyard.

Over the years, creditor nations have found themselves becoming more exposed in the debtor nations. Mr Nigel Law-son, the UK Chancellor, pointed out this week that the exposure of the commercial banks to the world's 15 most

heavily indebted, mainly Latin American countries had increased by 17 per cent since 1982 while the exposure of creditor governments and international institutions like the IMF had risen 107 per cent. The upshot, according to the Washington-based Institute of International Finance, which speaks for commercial banks, is that official creditors now hold 37 per cent of the total debt of these countries compared with 23 per cent.

For countries like the US

For countries like the US, Japan, France and Canada, such figures override worries that debt reduction, backed by the IMF and World Bank, would be a bail-out of the banks, leading to a transfer of banks, leading to a transfer of risk from private creditors to taxpayers of the industrial countries. Risk transfer, they say, is happening in any case. Officially backed voluntary debt reduction would be subject to strict economic policy conditions set by the IMF, they say. It would therefore not only ease the financial burdens. only ease the financial burdens carried by the debtor nations but could enhance their creditworthiness so privete credi-tors might once again be will-

ing to lend new funds.

Fears of risk transfer have focussed on the idea of provid-

deht service reductions. This idea, which forms a key part of the debt initiative of US Trea-sury Secretary Mr Nicbolas Bredy, promises more for debtor nations than simple debt reduction because it would sharply reduce their debt requires stream debt service stream.

debt service stream.

According to US plans, debt interest support would involve the supply by the IMF or World Bank of one year of interest on a rolling basis for a period of time. The money, to be placed in an escrow account, could only be used to pay interest owed by the debtor nation in the event of a default. US Treasury officials point out that sury officials point out that both the IMF and World Bank have sufficient resources to fund such a scheme. It therefore offers a one year safety net to get a debtor nation back on track without a direct cost to the taxpayer.

The attractions for the US are considerable. It would

obtain some protection against crisis in a strategically key area at little or no direct cost In a significant victory for the US, the Brady bandwagon emerged as an enthusiastic col-laborator with the US, and is already working on technical details with the World Bank. For Mr Lawson, who had a fairly miserable time in Washington, officially backed debt reduction should be no more than a catalyst to encourage the banks and their clients to enter negotiations on cutting the debt burden of developing nations and possibly providing

new funds.

With the industrial countries on board, what about the two other elements in the equa-

In debtor countries, the proposals have been greeted as an important conceptual breakthrough that recognises ability to pay as a key element in the

to pay as a key element in the debt strategy.

The worry here is that the proposals may have aroused unsustainable expectations about the extent to which debtor countries will be able to reduce their debts. There is also the critical question of whether dehtor governments will take the economic medicine necessary to ensure IMF and World Bank support for

gathered force in Washington despite British objections and the reservations of many European central bankers. The IMF

Bringing the commercial banks on board remains a problem for several reasons. Privately, many bankers Bringing the commercial

express deep reservations, some contending they are being used as instruments of US foreign policy.
"This is not a bail-out of the banks, hut a bail-in," says Mr Horst Schulmann of the Insti-

tute of International Finance. Many bankers doubt whether the proposed general waiver of clauses in loan docu-mentation — to ease the way to deht reduction - will be achievable. Some of these waivers would require 100 per cent support from hundreds of

Another question is whether that is ou offer will be enough to induce banks to swap debt-for bonds offering either lower interest or a reduction in prin-cipal. Banks will presumably be mindful of both the official guarantees and the increased credit-worthiness of the country that will result from debt

When Mexico arranged a bonds-for-loans ewan late in oongs-for-loans ewap late in 1987, the principal of the bonds was collateralised by 20-year zero coupon US Treasury paper. This was worth 17 cents on the dollar to the hanks. Many banks felt this insuffi-

There are worries too whether new lending by banks
- insisted upon as critical by

IMF DIARY DEST REDUCTION Gapology jargon that makes the jaw drop

 Wholly puzzling: Gapology is the latest and possibly the ugilest word to try to make its way into international monebe forthcoming in the future without more official guarantees. However, it was the lack of new money from commercial banks which made the new the second of the second of

way into miernational indus-tary jargon.
It was used with jaw drop-ping effect by Mr Gerhard Stol-tenberg, the West German finance minister, at a meeting with journalists.
What does it mean? It is,

apparently, the study of ways to enable the international Monetary Fund to speed finan-cial support to hard-pressed debtor nations and so overcome the time gap that usually arises while the Fund is trying to gain finance for the debtors from other creditors.

Hely moves: The IMF is proposing an unusual form of structural readjustment financing. It is offering to resite the church that takes up the only corner of the city block not occupied by the Fund's headquarters. The soup kitchen run by the Western Presbyterian Church adds spice to the social mix in the neighbourhood now dominated by huge office buildings. But the church'e attendance is falling, and the IMF has offered to finance the resiting and rehullding of the resiting and rehulding of the church in a more populous area of town.

Holey accounts: The IMF's
economics team seems to he
losing ground in its bettle
against a mysterious enemy
the black hole in the world's
current account figures.
 The world is in current
account deficit with itself—
and the imbalance is growing.

and the imbalance is growing.
The deficit — the excess in the value of goods and services bought and interest payments made internationally over the

goods and services sold and the interest received — peaked in 1982 at around \$100bn. It then fell progressively to \$38bh hy 1987, helped by a change in US reporting of its own current account. "We thought we were on the right track," said an official in the

Fund's econômic department. But 1988 appears to have proved the optimiem unfounded. The discrepancy grew to \$78bn in 1988, and is projected tentatively to rise to \$87bn this year and to \$100bn

Bérégovoy speaks out on the dollar

By Peter Riddell

THE finance ministers and "You should not ask e socialist central bank governors of the Group of Seven industrial nations believe it is better if the dollar does not go up, Mr Pierre Bérégovoy, the French Finance Minister, argued yesterday, adding a further comment to the group's communi-que issued late on Sunday. He said the ministers agreed that if the dollar drops, it would be better if it did not

drop too far. "The Group of Seven is saying that the move-ment shouldn't be erratic." Mr Bérégovoy also com-mented on the reaffirmation of G7's willingness to co-operate closely on exchange markets. "There were some worries and some uncertainties, but these

Questioned about the fall in the dollar on Monday, be said:

to assess market reaction, but it is a wise reaction." On interest rates, Mr Bérégovoy said the high level of the US budget and current account deficits and the low level of US savings had created a drain on world savings.

"If we want to avoid a race on interest rates, we've got to eliminate the trade and capital account imbalances," he said. But he said there was no real inflationary threat, except per-haps in the UK.

Mr Berégovoy indicated that President Mitterrand's debt proposals for a new \$19bn fund to help debtor countries financed by a special issue of IMF Special Drawing rights would be considered further by the executive board of the IMF with a report at the next meet-

ted Mr Shamir to be very

tough in his public comments.

But they hope he will be more forthcoming in private on ways to ease tensions in the occu-pied territories and break the

regional deadlock.
Last week Mr Shamir floated
the idea of elections in the

occupied territories but declined to say whether these would be for municipal offi-

cials or representatives to peace talks.

This week Israeli officials dropped hints that the Israeli army would release bundreds

of prisoners during Mr Sham-ir's US visit.

Bush on Monday that be opposed elections under Israeli

supervision but be left open the possibility of a United Nations role. Yesterday, the Egyptian leader met Congres-

sional leaders with a view to ensuring the flow of US aid -

more than \$2bn annually - and

security threats were counter-productive and hampered effec-

tive intelligence work against

terrorists.
The new rules require air-

lines to confirm within 24 hours that they have received

govenrment security bulletins

and show within three days that they have taken necessary

precantions. These actions will, however, remain secret -but they could include intensi-

known as thermal nentron devices — cost just under \$1m each and are expected to take

up to two years to introduce.

The first device is scheduled to be installed at John F.Kennedy

airport, New York, by June.
Mr Skinner refused to name
the airports listed as high-risk
in Europe and the Middle East

or to specify the edditional

fied screening of baggage.
The bomb detectors

Mr Mubarak told President



Pierre Bérégovoy: dollar should not be erratic

ing of the Interim Committee. But he conceded that a number of leading countries were opposed to this idea.

He said that, if the problem
of debt service could be solved by the US proposals, he would be extremely pleased, but if not, France will bring up its

Year-end target set for decision on quotas By Peter Riddell, US Editor, in Washington

THE policy-making Interim Committee of the International Monetary Fund yesterday set a target of the end of this year for deciding on an increase in IMF quotas, or membership subscriptions. Before then delicate questions have to be resolved on the size of the quota increase and, equally

significant, its distribution.

IMF officials have called for a substantial increase, hinting at a possible doubling. Mr Michel Camdessus, its managing director, argued that e 50 per cent increase around be in per cent increase would be in line with economic growth since the previous rise; any-thing less and the IMF would shrink, especially given the proposed expansion in its role debt reduction. France backs this line. Jepan and West Germany

also support an increase, though for differing reasons. Mr Satoshi Sumita, the Governor of the Bank of Japan,

argued strongly on Monday that Japan's quota share, the fifth largest, does not reflect its economic position. The Interim Committee communique yes-terday said that any quota increase should "take into account changes in the world economy since the last review of quotas as well as members' relative positions in the world. economy."

In practice, everyone recog-nises that Japan will become number two. But this means displacing Britain and a gen-eral change in relative quotas. The European countries naturally recognise Japan's increased economic power, but they argue that until now it has not behaved as a leader in policy discussions. The absence of the Japanese finance minister for the second successive series of meetings has not helped. There is no agreement yet on the pecking order in Europe.

Mr Pierre Berégovoy, the French Finance Minister, remarked yesterday that he did not know how it would work out except that France would remain number four. Britain is the most cautious of the Euro-peans because of its reduced voting share and a reluctance to use taxpayers' money to bail out debtors. West Germany supports a

quota increase partly because it wants any expansion of official involvement in debt reduc-tion channelled through the IMF as it is unwilling to follow Japan and promise increased bilateral support. The US has until recently

been opposed to a quota increase, but, outlining his new debt approach a month ago, Mr Nicholas Brady said implementation of the new efforts at debt reduction could Theip lay the basis for an increase in IMF quotas."

However, US Treasury offi-

cials are careful to stress that for them the quota question is "not driven by the debt factor." On the US view the IMF already. has sufficient resources to participate in debt reduction. Among other issues reduction. Among other issues influencing the quota debate is their use by industrial countries, the possible increased involvement of the IMF with Eastern Europe, the IMF's use of borrowed resources and

the Interim Committee - will

stage of the debt crisis inevita-ble. It is also clearly in the

hle. It is also clearly in the banks' atrategic interest to hold out for the best deal from the IMF and World Bank.

There are still many questions about how, in practical terms the ideas will work. Answers are not likely to be forthcoming in any grand statement of intent from the IMF and World Bank but in

IMF and World Bank, but in

the practical operations with specific countries such as

Mexico and Venezuela.

Apart from informal esti-

mates from the World Bank that it and the Fund should

each provide \$12bn, and the Japanese pledge of \$4.5bn, it is not clear how much money

will go into debt reduction. Without thet - and this

clearly depends on many unknown and unknowable variables - the extent to

which the leap into the dark implied by the US proposals can induce the virtuous circle will not be clear.

ments, notably with Mexico and Venezuela, to argue that a redirection of existing official resources assists debt reduc-

arrears of repayments, as well as debt. Politically, there is also vocal opposition in Congress to a quota increase — to being seen to provide taxpayers money to ball out the banks and imprudent debtors. So the administration has to tread carefully, establishing a track record with a number of agree-

AMERICAN NEWS

Shamir vows to fend off US pressure on Israel

Washington strengthens

airport security measures

By Lionel Barber in Washington

MR Yitzhak Shamir, the Israeli Prime Minister, declaring himself "immune to pressure", arrived in the US yesterday at the start of a 10-day tour which will include a meeting tomorrow at the White House with

President Bush. Mr Shamir, 73, indicated his displeasure at Mr Bush's call this week for an end to the Israeli occupation of the West Bank and Gaza and a "properly structured" international peace

conference. Mr Busb's remarks - made after talks with President Hosni Mubarak of Egypt on Monday - stopped short of a shift in US policy but amounted to a warning shot across the bows of Mr Shamir to be more flexible in his approach to Middle East peace. On the flight to New York from Tel Aviv. Mr Shamir told reporters that a peace conference is a way to dictate to Israel to accept what no Israeli is willing to accept". sounding out views on future US officials said they expectarms sales to his country.

By Llonei Barber

THE US bas unveiled strengthened measures to improve security at interna-

tional airports but it Intends to maintain its policy of not pub-licising terrorist threats to air-

The new measures include

the purchase of up to 100 hi-tech bomb detectors to be

installed at high-risk airports

in Europe and the Middle East.

Federal Aviation Authority inspectors will visit these air-

ports sbortly to assist US carriers operating there.
The new rules follow the bombing of Pan Am Flight 103

which killed 270 people over

Scotland last December. The bombing followed a series of

government warnings ebout terrorist threats which were

not made public until after the

Mr Samuel Skinner, Trans-

portation Secretary, said the Administration continued to believe that public warnings of

to withdraw subsidies on exchange By Joe Mann in Caracas

Venezuela

MS EGLEE ITURBE, Venezuele's Minister of Finance, said in an interview yesterday the Central Bank would no longer provide for-eign currency at subsidised exchange rates to cover interest and principal payments on Venezuela's private sector for-

eign debt.
She said the Government now expected private compa-nies, which owe \$4.06bn to banks and other institutions oversees as long-term obliga-tions, to work out refinancing arrangements directly with

The \$4bn figure for private debt does not include more than \$6bn in letters of credit owed to foreign creditors by Venezuelan importers. These letters of credit are another serious problem for Venezue-la's private sector, since a devaluation of the Venezuelan bolivar last month sharply raised LC repayment costs for local companies.

The Government last week advised international creditor banks of its decision affecting the private debt issue, but Ms. lturbe's statement marked the first time the government made its position public bere. In its message to creditor banks, the Government said the Central Bank would not provide any more foreign exchange to cover interest and principal payments on private external debt "until the Republic determines the appropriate mechanisms for managing this debt". This suggests the Gov-ernment may subsequently offer some plan for helping pri-

otier some plan for helping private companies finance their foreign debt payments.

Venezuela's public sector external debt of \$25.6bn and private external debt reached \$4.06bn last year, the minister said, not including more than \$50 private and productions of credit executions. \$5bn in letters of credit owed by Venezuelan importers. The Government's decision on the \$4bn portion of debt was not entirely unexpected, since it established a single, floating exchange rate for the Venezue-

lan bolivar to cover international transactions in March. The Venezuelan Government also plans to sell "around 20 security measures he and the tonnes" of non-monetary gold FAA expect airports to take in to internetional clients in the event of a security bulletin. order to raise cash this year.

Mulroney to tackle unemployment insurance scheme

CANADA'S mnch-criticised unemployment insurance pro-gramme is to be restructured during the second term of Mr Brian Mulroney's Government to place more emphasis on training and employment

The commitment was made by Ms Jeanne Sauve, Canada's Governor-General, in the Speech from the Throne to the combined House of Commons

The speech also hinted et tough measures to address the federal budget deficit in the budget of Mr Michael Wilson, Finance Minister, which is

expected later this month. In a broad-ranging address, which devoted much attention to environmental matters, the Government confirmed that it would push ahead with a string of initiatives left unfin-ished from its first term in office. These include tax reform in the shape of e new national sales tax; financial services legislation; new bankruptcy laws; and further privatisations of Crown Corporations which "no longer serve e public policy role".

No mention was made of Canada's planned acquisition

range s economic wentering is to be secured.

Pointing ont that annual interest payments on accumulated debt are now consuming 31 cents of every C\$1 of govern-ment revenues, it said that this

is "putting pressure on .Can-ada's ability to meet other pri-orities".

"In order to reverse this trend, expenditures must be reduced and revenues must cover the cost of programmes," the Government said. Canada's deficit as a percent-

On the deficit, the Government described further progress as "a vital necessity if Canada's economic well-being is to be secured".

Pointing ont that annual industrial countries, the International Monetary Fund said yesterday, partly because of Canada's high fiscal deficit

The IMF said the Canadian economy would grow by 2.9 per cent this year and 2.5 per cent in 1990, compared with 3.3 per cent and 2.9 per cent for the other Group of Seven industrial countries. trial countries. In the semi-annual world economic outlook report, the

Fund also predicted Canada's balance of payments deficit would worsen over the next two years as its export-based economy cooled down. Mr Wilson welcomed the IMF forecast of modest growth, saying slower growth would help cool inflation, the biggest

threat to the economy.

Statistics Canada said its composite leading indicator rose 0.5 per cent in January, AP-DJ reports from Ottawa. The agency said the January rise suggested that Canada's economy would continue to grow through the early part of 1989.

Argentina awaits devaluation of austral

Banks re-opened in Argentina yesterday but foreign exchange dealing remained auspended for the second consecutive day as the country awaited confirmation of e devaluation of the austral.

The devaluation is likely to be come in a package of economic measures announced today by Mr Juan Carlos Pugliese, the new Minister of Economy. Although he officially omy. Although he officially takes office today, newe emerged yesterday of his immediate plans.

According to Mr Enrique Garcia Vazquez, who has taken

which survived a coup attempt on Sunday, has allowed the leaders of the uprising to leave for the US, the government said yesterday, Reuter reports from Port-au-Prince.

The capital, Port-an-Prince, was calm yesterday after shooting avernight in the

sonthern suburh of Delmas near the headquarters of the Leopards Battalion. About 140 soldiers from the battalion had continued the uprising on Monday, threatening to reduce the city to ashes unless their commander, Col Himmler Rebus, was released by the government of General Pros-

Rebus and two others involved in the coup attempt were being allowed to leave Haiti. "President Avril, in order to over as president of the cantral bank, the Government intends a devaluation in the region of 20 per cent. The new official rate will be fixed at 20 australs to the US dollar, he said.
At the same time Argentina

will return to two exchange rates, the commercial and the free, the latter finding its own market level against other currencies. Last week the unofficial austral rate hit a record of 53 to the dollar, a gap of 200 per cent with the commercial control of the control of t per cent with the government-fixed rate. Mr Pugliese also plans to alter exchange rate rules for

per cent at the free-floating per cent at the free-floating exchange rate. If the free-floating rate for the austral drops to its likely point of 40 to the dollar once markets re-open this morning the new rules will imply e 33 per cent devaluation for agricultural exporters and a 51 per cent devaluation for importers of all types of modular.

Mr Vazquez said there would be no restrictions on foreign currency deposits held at the

foreign trade, permitting central bank and that all government issued bonds would be duct 50 per cent of their business at the official rate and 50 week saw an accelerating withernment-issued bonds would be paid in full when due. Last week saw an accelerating with-drawal of foreign currency, threatening a panic as central reserves fell below \$1bn.

Mr Pugliese is also holding talks with manufacturers with the aim of persuading them to hold price increases below inflation, at least until the presidential election of May 14. Official inflation figures for March should be made known this week and will have strong

outcome of the new measures.

influence on the immediate

Ford disciplines staff over gifts from supplier

SEVERAL employees of Ford in the US have been disciplined in the US have been disciplined by the company for accepting excessive gratuities from a major equipment supplier.

The gifts were made in the late 1970s and early 1980s by employees of Lamb Technicon, a supplier of production line machinery for making engines and engine components.

Ford said yesterday: "Some employees have been disciplined for accepting gratuities in violation of the company's standards. We believe it is e matter between the company and the employees involved."

General Motors is believed to have investigated similar alle-

heve investigated similar allegations last year involving the same supplier.

Lamb, based in Warren,
Michigan, was bought in 1987
by Litton Industries. Previously it was a private com-

pany. Litton said yesterday that

alone.
Official exchange rates give ing a \$120m machining system at its engine plant in Bridgend, South Wales.

Avril permits leaders of failed coup to leave Haiti

HAITTS military government,

per Avril.
The Government said Cul

return to a normal situation, has in a magnanimous gesture authorised ex-officers Philippe Biamhy, Leonce Collean and Himmler Rebus to leave Haiti," it said.

The Ministry of Information said all three had left for the

Dominican Republic. Haiti and the Dominican Republic share the Caribbean island of Hispa-niola. The ministry said they would travel on to the US. Port-an-Prince remained tense yesterday and schools and the airport stayed shut.

and the airport stayed anni.

The coup attempt came after four senior officers suspected of drug trafficking were forced to resign last week. Washington has provided assistance to Gen Avril's anti-drug campaign but has yet to resume direct aid to the country, cat off after yielent elections in off after violent elections in November 1987.

High interest rate policy lifts Brazil's debt costs By tvo Dawnay in Rio de Janeiro

BRAZIL'S high interest rate policy has massively raised the cost of servicing its escalating internal debt, forcing the Gov-

tious goal of balancing its budget this year.

Official Central Bank figures estimate the total stock of issued paper to exceed \$100bn, up from \$85bn two months ago and not far short of the country's total foreign debt liabilities, calculated at between \$115bn and \$100bn.

\$115bn and \$120bn.

ernment to abandon its ambi-

\$115bn and \$120bn.

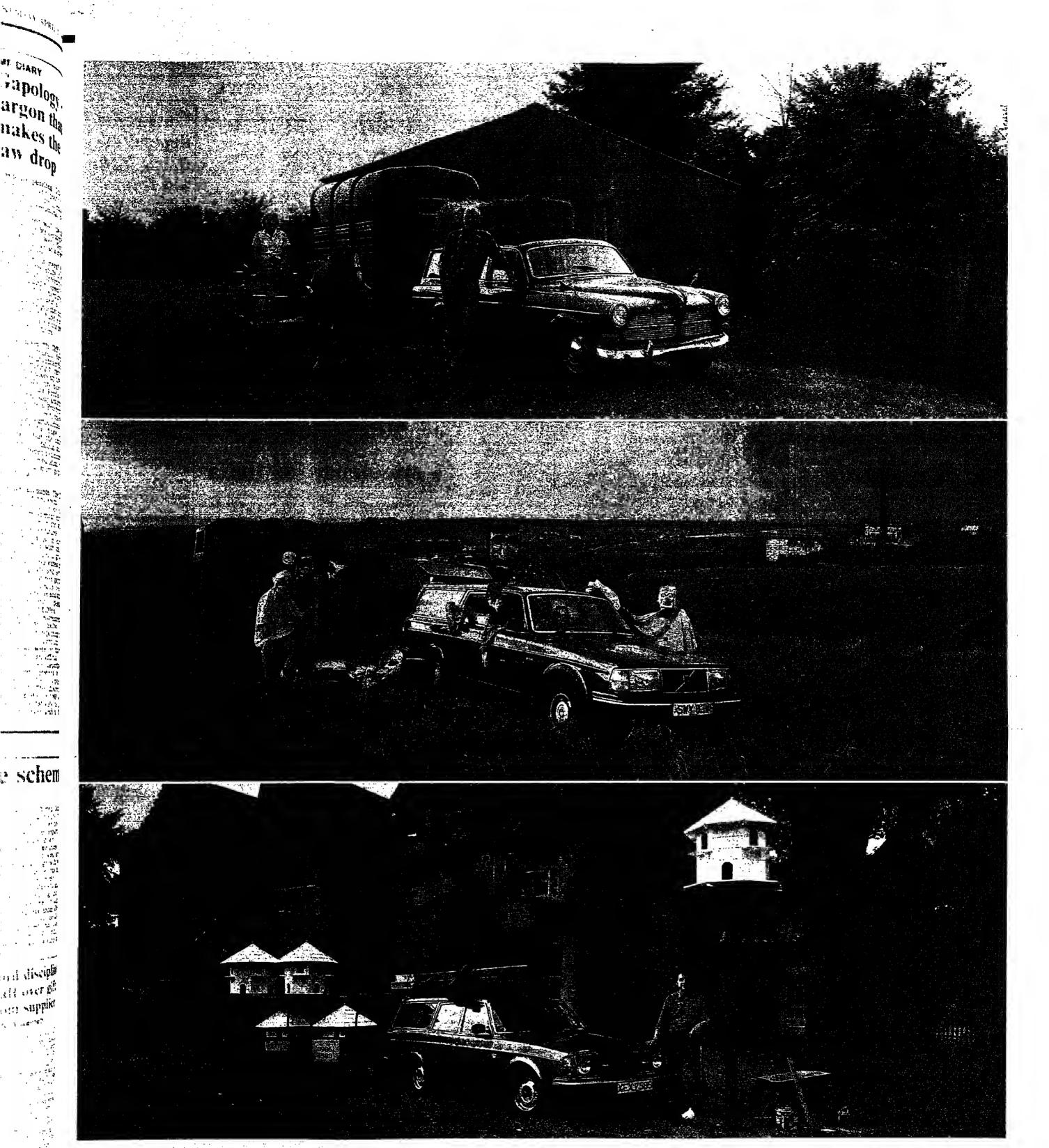
According to reports, Mr
Joao Batista de Abren, the
Planning Minister, is forecasting e substantial operational
deficit of 5 per ceut of gross
domestic product.

That is three percentage
points above the target figure
agreed with the international
Monetary Fund under the debt

rescheduling agreement com-pleted in September last year. Mr Mailson da Nobrega, Bra-zil's Finance Minister, adopted a high interest rate policy as a central plank in the January package, intending to tighten consumer credit, squeeze out inflationary expectations and prevent a potentially catastrophic flight from the New Cruzado currency into gold, dollars and other assets.

But the cost of rates exceed. a high interest rate policy as a

But the cost of rates exceeding 15 per cent per month in real terms has fallen heavily in the Treasury, forcing the Central Bank, according to one report, to issue NCz11bn in Letras Financeiras de Tecoro Letras Financeiras de Tesoro 225.
(LFT) treasury bills in March | Lamb is involved in several



NOBODY SELLS A VOLVO FASTER THAN A VOLVO OWNER.

Mr. Maddox in our top picture is a farmer. Since April 1967 he and his wife have owned a -Volvo 121 estate.

To date, it's covered 310,000 miles on its original engine. (Though there was a re-bore at 134,000 miles.) The car has carried children, dogs, sheep and regularly pulled a trailer.

Mr. Ibbotson in our middle picture doesn't need a trailer.

He regularly packs his theatre, props and miles on its original engine. puppets into the back of a Volvo 240 estate.

his wife take their puppet show to schools all over the North of England.

"The children," he says, "are very surprised when a theatre disappears into a Volvo."

Mr. Jackson in our bottom picture wouldn't be at all surprised.

He runs a garden furniture business that specialises in dovecotes.

His Volvo 240 estate has notched up 220,000

Mr. Jackson bought it from a seed merchant who He's been driving Volvos since 1979 and he and used the car to pull a one-ton trailer full of feed grain.

All of which goes to show - the best Volvo advertisements are written behind the steering wheel, not the typewriter.

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ALL YOU NEED

WORLD TRADE NEWS

Norwegian ship magnate places \$700m orders

By Karen Fossii in Oslo

MR JOHN FREDRIKSEN, the MR JOHN FREDRIKSEN, the elusive Norwegian shipping magnate whose enormous success and wealth heve been built from buying and selling commercial vessels "at the right time", has placed orders worth around \$700m with shipyards around the world.

Mr Morten Kristiansen, managing director of Oalo-based SeaTeam, a member of the Fredriksen group of compa-

Fredriksen group of compa-nies, said yesterday the orders are for a mix of crude tankers, product tankers and chemical/

Mr Kristiansen said the order underscored Mr Fredrik-sen's belief that the shipping industry will hit new peaks in the 1990s. By placing contracts now, the Fredriksen group of companies will be prepared to meet the requirements of the industry's upsurge without being "caught out" by a lack of worldwide shipbuilding capac-

wormwine supportating capacity, he said the Mr Kristiansen said the orders were placed by Cyprusbased Sea Tankers Management, one of Mr Fredriksen's many companies, but he refused to be drawn on details

of the financing arrangements. All he would say was that Bankers Trust of London was Mr Fredriksen's banker. Most of the orders have asso-

Most of the orders have asso-ciated purchase options for additional vessels while others are new building contracts originally placed by other com-panies but taken over by com-panies controlled by Mr Fred-riksen.

According to Mr Kristiansen the orders comprise: three 270,000 dwt VLCCs from Japan's Hitachi yard for deliv-Japan's Hitachi yard for delivery in 1990-1991, valued at about \$210m; two 290,000 dwt VLCCs from an nnnamed South Korean shipyard for delivery in 1990-1991, worth around \$150m; two 149,000 dwt Suez-maxi ships, which have a maximum crude oil carrying capacity of Im barrels, from an unnamed yard in Spain, valued at about \$100m.

In addition Mr Fredriksen is

In addition Mr Fredriksen is ordering two 60,000 dwt so-called double-skin tankers from an unnamed Soviet yard, valued at around \$50m; at least three 40,000 dwt product carri-ers, with additional purchase options for "several" more,

from the Yugoslavian Mosor yard, valued at \$75m; two sophisticated chemical/gas car-riers each with capacity of 12,000 cubic metres, valued at

about \$100m. Little is known in detail Little is known in detail about Mr Fredriksen's business interests. He lives anonymously and trades in industrial ship tonnage through business associates within his group who work on his behalf. He is said to own one of the largest and most modern fleets of industrial ships in the world and to maintain excellent relations.

industrial ships in the world and to maintain excellent relations with several of the world's largest oil companies.

At the turn of the year he sold eight sophisticated chemical carriers for \$200m to Storil, a Norwegian shipping company owned by the Odfjell shipping group. These ships will be managed by the Odfjell/Westfall Larsen shipping pool. In addition, he sold six so-called OBO combo-carriers to Broevig, another Norwegian shipping interest, for over \$110m. Last month an additional OBO was bought from Fredriksen by Broevig for about \$14.5m.

Cola 10 per cent of the Indian soft drink market. Whila the Commerce Minis-

try wants to approve the Coca-Cola proposal, the Industry Ministry and others see it as an abuse of the export process-

ing zone regulations.

Pepsico, which initially threatened to halt its own venture because of what it considered an unfair advantage to

Coca-Cola, has since proposed setting up a fully-owned Rs73m facility of its own in another

export zone.
-Coca-Cola hopes its export

Gatt talks depend on quick farm aid freeze

By William Dullforce and Peter Montagnon in

DIFFERENCES over how to apply an immediate freeze on agricultural support have become the main focus of concern at the resumed Uruguay Round trade talks which reopen formally in Geneva today.

Delegates said there is now a growing convergence on

a growing convergence on long term goals for world farm reform, but the need to back this up with an immediate freeze on government support poses technical problems on which the European Commu-nity and the US are still far apart. "We are sitting on dif-ferent branches of the tree," said one European official yes

terday.

The EC is insisting on the use of an aggregate measure of support as a yardstick for an overall limit to support while the US, backed by the 13-nation Cairns group of independent farm producers, wants the traces to small specifically the freeze to apply specifically and individually to each com-

modity.

Delegates said agreement on agriculture is vital to get the Uruguay Round of multilateral trade talks, stalled since last December's Montreal trade

Intense difficulties are also looming over intellectual prop-erty rights and textiles, but it is openly acknowledged farm reform is the key to consensus on a complete package. US refusal to submit its set-

aside programme, under which farmers are paid to take land out of production, to the freeze poses a further difficulty.

Last year Washington reduced its strategic grain reserves by 40 per cent, to provide food aid for people in faming areas and "we need to famine areas and "we need to know what the crop will be this year before we can decide on set asides", the official said. In a compromise proposal, aimed at satisfying the hard-

line Cairns groop, the EC has offered to accept further unspecified cutbacks in farm protection levels in 1990, when countries would be free to choose which of the two mea-suring instruments they would

The only major issues still separating the EC from the US countries over long-term reform are tha Community's insistence that it be allowed to "rebalance" reductions in sup-port on some commodities by increased protection for others and the US demand for farm trade barriers to be converted into tariffs.

Delegates said they thought a compromise on these issues was possible this week, but was possible this week, but another hurdle has to be taken over intellectual property rights (IPR), where the US is at loggerheads with a group of developing countries, led by Brazil and India.

Washington wants a clear commitment from everyone to negotiate an IPR protection

Coca-Cola sweetener for India

A decision on the Coca-Cola

By David Housego in New Delhi

COCA-COLA, the US soft drinks group, is sweetening its controversial proposal for a new manufacturing plant in India with an offer to assist India's balance of payments through further exports.

The group announced yester-day that it had placed a \$1.24m (£729,000) order with an Indian company for bottles to be sup-plied to its Bangladesh opera-tion in advance of any decision by the Indian government over Coca Cola's manufacturing

"We have done this as a ges-ture of good faith," said Mr Stuart Eastwood, Coca-Cola's director of business develop-ment for the region. The company was considering a range of other purchases from India, including coolers, dispensers, fruit pulp and garments.

HK orders

8 Sikorsky

helicopters

proposal is banging fire because of strong opposition from some members of the Indian government. It is also being fought by Pepsico which was forced to make a far more costly \$15m agro-business investment to gain access to the Indian market. Coca-Cola, which wound up its operations in India in 1978,

is seeking to come back through a \$2m fully-owned investment in a manufacturing

investment in a manufacturing plant in the Noida export processing zone outside Delhi.
Under current Indian regulations, Coca-Cola would be allowed to sell about 25 per cent of the concentrate—worth about Rs80m over five years—on the local market. years - on the local market. Other soft-drink manufacturers believe this could give Coca-

offer will help tip the balance with the Indian government. However Pepsico says that it will be making Rs200m worth of exports from India this year of tea spices, shrimps and seeds, even before its agro-business becomes operational.

World Bank approval for **UK-backed venture**

By Peter Montagrion, World Trade Editor

THE Hong Kong government has placed a \$54m order with Sikorsky Aircraft, part of United Technologies, for eight \$76 helicopters to be used by the colony's Auxiliary Air Force, John Elliott reports from Hong Kong.

The order includes five general purpose helicopters and eral purpose helicopters and three search and rescue vari-ants plus an option for four

general purpose aircraft.
This will strengthen the
Auxiliary Air Force's role and enable it to take over some duties at present carried out by the British Army and Royal Air Force whose activities are to be run down to advance of Hong Kong reverting to Chi-nese sovereignty in 1997. They will arrive between 1990 and 1992 and will replace three existing Dauphin helicopters.

THE World Bank has approved finance for a \$335m (£199m) water supply and sewerage project in Karachi which could become the first contract to be financed jointly with the UK

Under the 1986 co-financing agreement, the Government planned to contribute aid money to World Bank projects in developing countries, with the aim of encouraging UK companies to hid for more incrative World Bank contracts. Although contracts still have to be subjected to interna-tional competitive bidding, additional exports for Britain

could amount to £200m. The World Bank will provide \$125m for the Karachi project, through soft-loan affiliate the International Development

Association. Britain's Overseas

Development Administration is offering a total of £7.7m. Part of the ODA funds, amounting to £1.5m, have been earmarked for technical co-operation work through consul-tants Sir Murdo MacDonald and Partners and Balfour

their involvement could boost UK suppliers' chances of winning business.

The remainder is in the form of a grant of £6.2m, intended to soften the terms of a loan from the Commonwealth Develop-

Beatty. Businessmen believe

ment Corporation. ment Corporation.

The Government of Pakistan has accepted the idea of co-financing, but a remaining hurdle is thought to be commercial negotiations between members of a UK consortium led by Portals Water Treatment for work on the project.

agreement base on solid principles and enforcement practices. Brazil and India are maintaining their stand that Gatt is the wrong forum to

South Korea cleans up its image

Maggie Ford in Seoul on preparations for the challenge of 1992

THE SPECTRE of fortress Europe after 1992 is forcing South Korean policymakers to re-evaluate their international trade strategy and to consider changing the country's image. Long used to dealing with trade disputes in the US, where lobbying individual Congressmen representing interest groups is often the key to success, Seoul officials have been shocked by a continuing stream of anti-dumping suits emanating from the apparently EC trade with S.Korea 🗀 Exports Imports Jan-Oct emanating from the apparently monolithic European Commis-

unfamiliarity with the insti-tution and with the various national and sectoral interests involved, has led to a number of mistakes in dealing with the EC, business executives heard at a recent seminar in Seoul. The executives listened in The executives listened in silence as speakers from the UK law firm Sinclair, Roche and Temperley spelled out the almost unlimited powers held by the Commission to restrict imports and force compliance with investment rules, sometimes in quite arbitrary ways.

Warned that they were unlikely to be helped by recourse to the law, the exportrecourse to the law, the exporters were advised that much

more sophisticated action is

nity producers.

required by companies and government in South Korea if they are to avoid future action The law firm advised the South Koreans to co-operate fully with the EC on present-ing financial information on a dumping complaint, and to try to prove that even if imports were landed at dumped prices, there was no injury to Commu-

1983 84 85 86 87 86 Source:OECD Foreign Trade Statistic

the European shippers who supported Hyundai Merchant Marine in its battle against a complaint of dumping on complaint of dumping on freight rates could be a source of support, the law firm said. Companies should band together with the Government to lobby for better treatment.

The Seoul government is already considering ways to improve relations with the European Community and to counter the growing perception.

Consumer groups, such as

European Community and to counter the growing perception in Europe that South Korea is a second Japan.

This perception arises partly because of tha developing country's natural tendency to show off its best points. A typical foreign businessman's visit to Seoul would include a trip to Posco followed by a four of Ulsan, the Hyundai group's company town producing Company town producing erament has made strong company from motor cars to efforts to stop foreign journal. everything from motor cars to giant oil tankers.

A visit to one of the big elec-tronics companies might follow where thousands of girls will

be seen churning out semicon-ductors or computers. The tour may be accompanied by a pro-fessionally produced video detailing the company's huge expansion, its dozens of subsid-iaries and the breadth of its industrial involvement.

Whisked from luxury hotel to skyscraper office to super-

to skyscraper office to smart restaurant by chauffer-driven restaurant by chamifer-driven locally-made car, the visitor will certainly be impressed by South Korea's economic progress. But he may also feel that this industrial powerhouse is a potential threat which must be closely watched.

closely watched.

South Korean officials would, however, have no difficulty in showing visitors the country's dark side, inevitable when per capita gross national product is well below that of Japan, for example.

Seoul has its share of shanty dwellers and an increasing problem of urban and rural poverty, homelessness and overcrowding, mainly because the country has devoted so many resources to industrial many resources to industrial development at the expense of

meeting social needs.

But officials face a political problem in their efforts to show a more balanced picture show a more parameter presure of the country to Europeans. For 40 years South Korea has been engaged in an interna-tional diplomatic competition with communist North Kores focussing on whose system is

As a result, the Seoul Govists writing unflattering articles about the country and to hide bad points from for-eigners, lest its international

image deteriorate.

One Foreign Ministry official also pointed out that if the less successful aspects of the South were highlighted, this would simply provide an opportunity for the North to use the material as anti-South propaganda.

The move towards democracy in South Korea, along with foreign trade pressure, has forced the Government to moderate its export drive policy and focus on domestic development, a change which is now showing up in lower trade surphises.

It is also opening and liberalising its market more quickly and at an earlier stage than Japan did. Growing signs of a thaw in relations between North and South Korea may reduce the historical political problem.

But until South Koreans, both at official and personal level, realise that excessive pride in their undonbted achievements is creating a counterproductive impression abroad, a more balanced pic-ture of the nation will not

emerge.

The result is likely to be the continuous application of unre-lenting trade pressure, of a kind which Seoul has experienced — and in many cases successfully fought off — for several years from Washing-

Now the pressure is coming from Europe, shortly to become the world's biggest market and one which South Korea has only just started to penetrate. Seoul officials and businessmen are beginning to realise just how ill-equipped



AN OPEN LETTER TO THE PUBLIC

On March 24, in the early morning hours, a disastrous accident happened in the waters of Prince William Sound, Alaska. By now you all know that our tanker, the Exxon Valdez, hit a submerged reef and lost 240,000 barrels of oil into the waters of the Sound.

We believe that Exxon has moved swiftly and competently to minimize the effect this oil will have on the environment, fish and other wildlife. Further, I hope that you know we have already committed several hundred people to work on the cleanup. We also will meet our obligations to all those who have suffered damage from the spill.

Finally, and most importantly, I want to tell you how sorry I am that this accident took place. We at Exxon are especially sympathetic to the residents of Valdez and the people of the State of Alaska. We cannot, of course, undo what has been done. But I can assure you that since March 24, the accident has been receiving our full attention and will continue to do so.

L. G. Rawl Chairman



Why applicants do best to state their pay

By Michael Dixon

THE ULTIMATE in risk-aversion is to commit suicide to make certain of not being murdered. And sad though it be to say so, upwards of three dozen of this column'e readers in four countries are

evidently edging towards that terminal mentality.

They are among the nearly 150 of you who have responded to my sermon eight weeks ago urging job-seekers to be considerate to recruiters by ensuring that their applications are free from careless errors or other interest killing faults. Most of the responses fall

into one of two categories.
The first and bigger consists of seething would be recruits who see no reason to pander to recruiters when most of those they contact send back only a mass-produced letter declaring them "unsuitable" if bothering to reply at all.

The second group consists of recruiters likewise convinced that people on the other side of the jobs market are mostly not only stupid but arrogant to boot. "Does it never dawn on them, before they complain of getting no answers to their applications, that the Post Office may not have delivered them in the first place?" snorts one.

But the aforesaid threedozen-plus are different. Instead of just letting off

steam, they seek to clear the air by disputing a particular claim made in my homily of February 8. It was thet job-applications should always state the applicant's most recent pay level.

The objections the 38 make to that claim are typified by the arguments of a reader in the United States who says that disclosure of salaries should be governed by tit-for-tat. If the recruiter states a pay figure for the job on offer, then applicants ehould etate their pay in return. But if the recruiter fails to give a figure, it must be assumed that the pay is open to negotiation. In which case applicants who initially disclose their earnings are giving up a bargaining counter to the other side.

So when answering an advertisement stating merely that pay for the prospective job is in line with its duties, applicants should just say their pay is (or is not) in line with their current duties.

Now, I've no doubt that recruiters who are smugly reticent about such key details deserve to be repaid in their own gimerack coin. Moreover, if every applicant did as the US-based reader suggests and employers learned the lesson, they would benefit. For a survey of over 1,000 job-seekers which was made last year by Price Waterhouse found that 64 per cent were unlikely to

reply to any advertisement failing to cite a pay figure.

The trouble is that not only are recruiters evidently slow to learn but, from what they tell me, the great bulk of applications not stating current earnings are himself. current earnings are hinned current earnings are binned instantly. So applicants who fudge the pay issue give themselves an even smaller chance of getting the job than employers who do the same have of attracting the best candidate available.

Since it is futile to hang onto a bargaining counter at the cost of being excluded from the game altogether, I stick to my original claim.

The table

ALONGSIDE, for the 15th successive year, appear the pay in Britain from the the regular surveys made by the Reward consultancy. The most recent study covered over 1,000 widely assorted. over 1,000 widely assorted companies. Anyone wanting the full report should contact Bill Couldrey at Reward House, Diamond Way, Stone, Staffordshire ST15 OSD; tel 0785 813566, fax 0785 817007.

My table refers only to managers ranked directly below board-level. The first

	LOWER	QUARTILE		MEDIAN			UPPER QUARTEL		
Renk One - Most senior executive below rank of director in:	Basic salary £	Total money reward	Basic salary	Total money reward £	(Basic year earlier)	(Total year earlier) £	Basic salary £	Total money reward £	
General management Legal advice	22,000	22,350 23,775	28,000 28,537	27,500 28,537	(24,588) (25,824)	(26,025) (25,875)	34,120 34,151	35,916 35,013	
Company secretariat Scientific department	21,000 20,153	21,320 20,153	24,075 22,783	22,995	(21,000) (22,285)	(22,025) (22,569)	31,625 29,243	33,093 30,350	
Advertising & PR Finance & accounting	24,059 20,988	25,000 21,849	27,943 24,370		(24,250) (22,022)	(26,000)	30,300 29,000	30,300	
Merketing Personnel	20,000 19,800	20,498 20,250	23,742 23,000	23,500	(21,842)	(22,310) (21,200)	27,825 27,500	29,467 29,500	
Deta processing Management services	19,000	19,396	22,966 21,330	21,500	(21,000) (18,632)	(21,093)	27,000 26,613	28,201 27,918	
Sales Administration	19,176	19,966 20,025	22,025	23,343	(20,000)	(20,174)	26,000 26,824	27,738 27,533	
Distribution Research & development	18,956	18,956 18,000	21,419		(19,386) (20,000)	(20,360) (20,449)	24,864 24,806	27,045 26,000	
Engineering Purchasing	16,000	18,344	21,458	21,601	(18,975)	(19,215)	25,002	25,725 25,200	
Production Quality assurance .	17,250	17,592 19,532	20,417	20,763	(18,477) (18,857) (18,359)	(19,070) (19,172) (18,359)	23,330 23,000	24,549 24,166 21,600	
Surveying/architecture Ali Rank-One managers	16,000	16,500.	18,000	18,000	(20,259)	(-)	21,030 27,000	21,000	

pair of columns of figures give the basic salary then the total money rewards — including bonuses but not pensions or the value of in-kind perks like cars — of the lower quartile person who would come a quarter way up from the bottom of a ranking of all in the same job

category. The next four columns relate to the median

manager half-way in the

figures give those from 12 months before. The final pair give the 1989 results for the upper quartile person quarter way down the ranking. To compensate for time gone by since the data was gathered, all figures should be increased by 2 per cent. Regional variations from the overall median of £22,400 were: Higher — London by

ranking, and besides the new

18.3 per cent, South-east England by 4.6, and Scotland by 4.1. Loster — North-west by 3.9 per cent, North-east by 8.6, Eastern Counties and South-west by 10.7, and West Midlands by 14.

Variances by company sales were Higher – over \$100m by 20.5 per cent, \$40m-\$100m by 7.1 Lower – \$15m-\$40m by 2.0, \$5m-\$15m

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- O PRIUDENTIAL-BACHE is seeking to recruit a Quantitative Analyst to its excending European Research Department. This is a new position, aimed at extending and adapting the firm's highly regarded U.S. quantitative research into European equity markets.
- London-based, the analyst will work closely with our international strategy team and our quantitative analysts abroad. In addition to developing the statistical analysis, the job will require writing regular reports about the system's recommendations.
- Candidates should have a good first degree in a statistics-related area. Experience in quantitative research through work or post-graduate study would be an advantage. Knowledge of stock markets and/or accounting would be additional plus factors.
- Please write, enclosing your C.V., to Mr Richard Snyder, Director of European Research, Prudential-Bache Capital Funding, 9 Devonshire Square, London EC2M 4HP

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SWAPS BROKERS INTERESTERALE CURRENCY SWAPS

A major London based moneybroker, whose Capital Markets Division has been established for several years. Their major specialisation is in "off balance sheet"

THE REQUIREMENT

An experienced Interest Rate and Currency SWAPS Broker holding established Relationships within Banking or Corporate Clients. Geographically your clients will be French, Dutch, Benelux, German, Swiss and/or Eastern European, Fluency in English and at least one other major European languague is an essential.

THE OPPORTUNITY The package offered to the successful applicant will be competitive and reflect the commitment of the house to developing the strongest European Team. Interested applicants should contact: Sean Lord on

01-439-1188 or write to him at <u>The Rathbone Consultancy</u> Premier House, 77 Oxford St, London W1R 1RB, England

Ashbourne Finance Pic 25 Berkeley Square, London W1X 5HB GENERAL MANAGER

CENTRAL LONDON c. £40,000+

We are a young, rapidly expanding Financial Services Group based in the West End and we are looking for an experienced manager to control and develop the mortgage and commercial broking arms of our group. You need to have experience, good technical knowledge, strong management skills and proven sales ability. You are over 30 and wish to earn at least £40,000 per annum.

Please apply with full details to: Personnel Director, Ashbourne Finance PLC. 25 Berkeley Square, London WIX 5HB.

LEADING INTERNATIONAL BANK INTERNAL **AUDITOR**

A medium sized London based bank seeks a person to head the Bank's Internal Audit function. The successful applicant will be an International Banker with Internal Audit experience and, preferably, an accounting qualification.

Applicants should be confident in their ability to enhance and maintain an Internal. Audit programme within an organisation active in a broad range of products. Attractive terms will be available to the successful Candidate.

Applications in strict confidence under reference BSD 39 will be forwarded unopened to Applications in strict commence times restative here so will be forwarded unopeased to our Client and should include a detailed Curriculum Vitae indicating desired salary and identifying the principal product groups with which they are familiar. If there are any Banks to whom you do not wish your details to be sent, these should be listed separately in a covering letter and the envelope marked for the attention of B. S. Durham.

Brian Durham Recruitment Services Ltd 64 London Wall, London EC2M 5TP Telephone 01-628 4450



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B. F.M.

Acquisition and Divestment **Executive**

Salary negotiable up to £35,000 + car and benefits N.London

Our client, an international company with a turnover in excess of £600m with diverse interests in high technology engineering, industrial and medical products, wishes to strengthen its central team responsible for acquisitions and divestments.

Reporting to the head of function, the appointee will play a leading role in the planning, analysis and negotiation of acquisition and divestment opportunities. A key element in this role will be the requirement to progress projects through from agreement in principle to successful

Educated to degree level the successful candidate will need a sound financial background and a working knowledge of contract/commercial law. Additionally, the role requires personal qualities of stamina and patience together with the

ability to integrate with people up to Board level.

The position is likely to appeal to a qualified accountant or an MBA graduate who is seeking to broaden his/her commercial experience. Alternatively, an experienced member of a Corporate Planning team may welcome the opportunity to join this successful and expanding business.

Salary is negotiable depending on experience and will include full pension participation and other

Please send your full c.v. and details of current salary to Michael Swaine of the address below.

Please state clearly if there are any employers to whom your c.v. should not be sent, as applications will be forwarded direct to the client for their consideration. consideration.



197 Knightsbridge, London SW7 IRP.

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For further. information call 01-873 3000

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Our client is one of the world's largest banks with an enviable reputation for providing the highest standards of professionalism and expertise across all sectors of banking. In the field of asset finance they operate mainly on an advisory basis, providing highly innovative, off balance sheet solutions to complex cross border transactions, often where asset values exceed \$50m. In order to strengthen their Spanish operation they seek an individual who has successfully executed a variety of complex large unit leasing and/or tax driven corporate finance transactions. It is envisaged that the appointee will currently be operating in the London market and will have worked for at least two years in Madrid. Whilst a knowledge of additional European languages would be advantageous, applicants, who will be aged 28-35, must be fluent in both English and Spanish. As this is an exceptional opportunity, offering significant autonomy of operation, the remuneration package will be geared to attract candidates of the highest calibre.

Please contact Peter Haynes

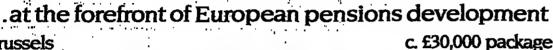
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European **Pensions Co-ordinator**



Brussels

ICI is a major international force in the discovery, manufacture and sale of a wide range of chemical products via a series of territorial organisations, one of which is ICI Europa. \

ICI Europa co-ordinates and supports the activities of a wide range of subsidiaries and associated companies, many of which have their own pensions arrangements.

Initially, you will be based at Welwyn Garden City for a period of . familiarisation with the Company's practices and procedures before assuming the role of European Pensions Co-ordinator in Brussels. Reporting to the ICI Europa Personnel Director you will be expected to keep abreast of pensions developments affecting the operating ies and to make a significant input to pensions policy across

Probably in your thirties you will have substantial pensions experience ideally with some exposure to European pensions matters. The ability to relate to senior management is essential as is the intellectual capacity to grasp complex issues in a stimulating and demanding environment. A second European language is desirable although training will be given. This position offers exciting scope for personal development and further career progression within the Group as well as the immediate opportunity to live and travel outside the U.K. An attractive expatriate package is offered and salary will be dependent upon experience

se write in confidence with full career details, current salary and day-time telephone number quoting the reference 35109 to Lynne Stevens or Douglas Alexander,

ional (UK) Ltd,



Treasury Dealer

A major multinational food, drinks and retailing company with a turnover approaching £10 billion are expanding their pro-active central treasury operation, and therefore seek to recruit a high calibre treasury assistant for their foreign exchange and money market operations.

Suitable candidates will be in their midtwenties, educated to degree level and have a minimum of two years' experience in a treasury/banking environment.

Membership of an appropriate professional body would be an advantage.

Salary indicator: £24-26,000 + car, health insurance and the usual benefits associated with a company of this calibre.

Those interested should contact Nick Bennett on 01-831 2000 in strictest confidence, or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City International Recruitment Consultants

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RESEARCH IDEAS £20,000 to £100,000

On behalf of several clients, major UK and European Securities Houses, we invite approaches from bright, enthusiastic analysts with between 1 to 5 years experience in: Electronics

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In addition, we are keen to hear from individuals with practical knowledge of European sector research.

Whether you are actively looking for a move or simply wish to be kept informed of relevant situations in the future, we are pleased to advise you in confidence. Please contact William Dickins at 20 Cousin Lane, London ECAR 3TA. Telephone 01-236 7307, Fax 01-489 1130

STEPHENS ASSOCIATES SEARCH & SELECTION IN SECURITIES & INVESTMENTS



OCEAN YOUTH CLUB DIRECTOR

The OYC is a registered educational charity and is the largest sail training organisation in the country. It takes over 4,000 young people to sea every year in its fleet of 10 ocean-going yachts, stationed around the coasts of the British Isles.

The Director is the Chief Executive, responsible to the Board of Governors for the management of the organisation and for the safety and efficiency

of its operations.

The job needs, above all, an energetic and enthusiastic leader who has successfully run a business and who has a real interest in working with roluntary helpers to develop enterprise, self reliance and team work in young people. He (or she) will probably be aged in the forcies, and will have he cheracter and commitment to be the focal point in representing the Club effectively to the public, the press and supporters. An interest in sailing is essential.
The Director will be based at the OYC central

offices at Gosport, Hants, In addition to an attractive salary, a car will be provided. Please apply to the Director, Ocean Youth Chib, The Bus Station, South Street, Gosport, Hants PO12 1EP for an application form which must be returned by April 29th.

> **Legal Appointments** appear every Monday
> For FurtherInformation Contact 01-873 3000 ElizabethRowan Ext 3456 . -Wendy Alexander Ext 3526



the department for Enterprise

Economists Expert Advice on Government Policy To £24,356 (Central London)

The Department of Trade and Industry (DTT) and the Monopolies and Mergers Commission (MMC) have a number of challenging posts providing information and advice on economic aspects of government policy.

The work at the DTI is largely concerned with the design, implementation and evaluation of ses on trade and industrial - including regional, research and technological - issues: and there is every opportunity to maintain links with current economic knowledge through academic, business and other outside contacts. At the MMC, you will be involved in inquiries into mergers, monopolies, public-sector activities and recently-privatised businesses, including analysis of competitive situations in markets and assessment of pricing and investment policies.

Appointments, which will be for a fixed period of between one and five years, are at various levels depending on age and experience. While all demand a good honours degree in economics or a closely allied subject, post-graduate qualifications and experience would be an advantage for some posts. Secondments from other employers will be considered; and there may also be opportunities for part-time working. Benefits include generous leave allowance and non-contributory pension.

For informal discussion, call James Shepherd at DTI on 01-215 6559 or Jonathan Green

For application forms and further information, contact Aileen Spencer at Department of Trade and Industry, Room 416, Allington Towers, 19 Allington Street, London SW1E 5EB. Tel: 01-215 0245.

Commodity/Financial Futures Management

Our client, a major Futures Broker with an active presence in the Commodity and Financial Futures and Foreign Exchange Markets is

Reporting directly to the Managing Director, our client requires a well

presented and articulate candidate of graduate calibre, aged 30 to 40 with

An in-depth knowledge of all aspects of the Futures industry is essential

and will have been acquired over a number of years working in the

While it is anticipated that the successful candidate will currently be in a

management role, outstanding candidates with the potential to make the

Exchange

Appointments -

Closing date: 28th April 1989. The DTI is an equal opportunity employer.

seeking to strengthen its management team.

Broking/Sales rather than Operations function.

transition to this challenging position will be considered.

highly developed management skills.

Please write, enclosing a CV to Trish Collins at the address below

or call on 01-929 2383.

Fourth Floor, No. 1 Royal Exchange Avenue, London EC3V3LT. Tel: 01-929 2383

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MANAGER COMMERCIAL BANKING

An experienced Business Development and Senior Account Manager is being sought to join the Commercial Banking Department of the London branch of an international bank. The prime function of this position will be to take specific customers and products compatible with the risk reward objectives of the Bank's board. The incumbent will also develop and maintain the loan syndication programme with potential syndicate partners and/or lead managers. Salary and benefits are very negotiable, commensurate with experience.

HEAD OF CREDIT

(High Profile Individual)

We seek a dynamic banker with at least 5 years senior credit risk assessment experience. Candidates should be aged 38–42 years with analytical skills encompassing lending, LBO's, MBO's, property finance and treasury products. Team leadership management skills are essential. Package neg £45-£55,000.

LEASING SENIOR CREDIT x 3

We have several clients seeking senior underwriters/credit managers with specific skills in appraising leasing transactions. In all three cases, strong interpersonal and leadership skills are essential. Salaries neg £30-35,000 plus benefits.

ACCOUNTANT

Treasury and Capital Market Products

A highly skilled technical accountant is being sought by e leading international bank to join the professional accounting team to provide e specific accounting function in the Capital Market and Off Balance Sheet product areas. The suitable candidate should have had a minimum of 2 years in this sector and possess a professional accountancy qualification. Salary c£30,000 plus benefits.

> OLD BROAD STREET BUREAU LTD STAFF CONSULTANTS 65 London Wall, London EC2M 5TU Tel: 01-588 3991. Fax: 01-588 9012

Fenwicke Appointments

GLOBAL CUSTODY

A premier, International bank is looking to recruit a young, ambitious individual to join their Global Custody team. As leading players in this market, they can offer outstanding career prospects together with the opportunity to join a progressive and professional team. The bank will offer training, together with a competitive compensation package, to an individual with proven marketing skills and a knowledge of the securities industry.

CREDIT ANALYST A major American bank is seeking to recruit an analyst to join their credit department. This position will provide the successful candidate with direct interface with both Corporate customers and Financial Institutions in both the UK and Europe. In addition to a depth of credit experience the position

CREDIT ANALYST

As a result of a major reorganisation, one of the world's foremost International banks is seeking to recruit an analyst to join a team responsible for the credit rating of UK Corporate and Financial Institutions. This is a high-profile role which, in partnership with the client executive, will have direct responsibility for maintaining corporate relationships. The successful candidate, probably to their early to mid 20s, will have a strong academic background coupled with solid analysis experience.

Our client, a premier International bank, is seeking to recruit an experienced training manager who is looking to make a significant contribution within a dynamic and rapidly changing environment. The successful candidate will be responsible for the needs, analysis and delivery of training crucial to equipping managers to meet the future needs of the business. Together with management development experience, preferably within the financial sector, applicants should have strong inter-personal skills and the ability to interface at all levels.

Please contact Gill Pembleton or Judy Elmes Fenwicke Appointments 11 Well Court, London EC4M 9DN

Telephone: 01-329 4452



FIXED INCOME SALES Quality House requires a minimum of four years experience of Multi product sales to a Benefux (mensily Hollandyleint bene. Fivent Ortich and excellent contacts are essential

Good house requires 3 years experience to join existing team on the Foreign Exchange desk. Product knowledge abould laclude Futures. FRA's hedging interest rate swaps.etc. Excellent package. Please call Julie Shelley.

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Good experience required and
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Six months to one years experience of CD's, Commercial Paper ex-required by Major International Investment House to Join its Sales Team. Salary negotiable. Please O.A.T.S. TRADER

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CORPORATE FINANCE Preferably a Graduate with experience in European Corporate Finance. Languages would be an advantage. Please call Richard Ward.

EUROBONDS - SPANISH

Experienced Euroboad salesman with fluors Spanish required by top investment Bank. Graduate profested. To cover Spain. Excellent package available. Quote Ref DF/

U.K. CORPORATE FINANCE Japanese House requires a mini-mum of 2 years experience of mar-ket 1 sea a rob, 1 os o documentation completion of credit analysis etc. Profer a graduate with good work history. Excellent pack-age. Please call Julie Shelley.

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232 Shoreditch High Street, London El 7HP. Fax No. 377 0887

01-377 6488

Challenging Opportunity Fixed Income Portfolio Manager

City

Our client is an autonomous, dynamic, global investment management firm backed by one of the world's most prestigious international financial institutions. They currently have c.\$1.2bn under management in single and multicurrency fixed income portfolios.

In view of anticipated expansion, a high calibre investment professional is sought to join a four person team and participate in all aspects of the investment process including the formulation and implementation of policy, the management of funds and client relationships and the development of new products.

Educated to degree or MBA and computer literate, the ideal candidate will be aged

28-35 and have several years of relevant experience. Personal qualities will include a flexible, enthusiastic approach and good team

Competitive Package

This role offers a challenging opportunity to candidates who thrive in an entrepreneurial and creative atmosphere and have the motivation and ability to make an impact on the firm's business within a relatively short time.

Interested applicants should contact Charles Ritchie on 01-831 2000 (evenings/ weekends 01-675 0670) or write to him at Michael Page City, 39-41 Parker Street, Loudon WC2B 5LH.

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International Recruitment Consultants London Paris Amsterdam Brussels Sydney

CAMBRIDGE APPOINTMENTS,

FUND MANAGER

FAR EAST EQUITIES

The opportunity to manage the Far East Equity portfolios of Pension Funds in a top quality UK Institution

This position will appeal to a young Fund Manager who is looking for the opportunity to take responsibility for the management of the Far East equity investments of sizeable pension funds. The position is newly created and has arisen as a result of our client's continued growth and increasing

You are likely to be in your late twenties or early thirties and will have gained a minimum of three years' experience in Far East equities fund management, with a strong emphasis on the Japanese market. Although this need not have been in pension funds, you must be able to demonstrate a good record of performance in managing Far East equity investments.

The company is a major force in investment management. It enjoys a fine reputation for the quality of its services and its team-orientated management style. The position carries a highly competitive remuneration package, Including a company car and concessionary mortgage. If you would like to be considered, please telephone Susan Muncey on 01-222 7733 or write to her at John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SWIH 9BP.

A MEMBER OF THE SMCL GROUP

Credit Assessment Manager

A key role in an innovative environment

Dramatic, profitable growth within the Banking Services area of this Triple A rated European Bank has emphasised the need for a strong, independent Credit team to provide highly professional support to an equally professional marketing group. Typical proposals are un-typically entrepreneurial so that the approach, although naturally founded on solid Banking principles, needs to be solution-based and interpretative.

This new appointment is to be made at Senior Manager level to reflect control, on a day-to-day basis, of a small, close-knit team.

Candidates, ideally with a Clearing Bank background, will be in their mid to late thirties, underlining the need for exposure to hard not just

halcyon times. Liaison with the marketeers will require a spirit of close cooperation tempered with the ability to stand one's own ground and people management skills or the personality best suited to acquire them, are equally important. Career prospects are first class and the salary/benefits package is unlikely to disappoint.

Please send full career details, quoting reference A1680 to Malcolm Lawson at Codd Johnson Harris, Human Resources Consultants, 12 New Burlington Street, London W1X 1FF, or alternatively telephone. 01-287 7007 during the working day or 0444-73216 in the evenings.

A Codd-Johnson-Harris

CORPORATE PLANNING **ANALYST**

SW London

c£25K + car + benefits

Our client is the European subsidiary of a respected global corporation manufacturing electrical components. Headquartered in the USA and dedicated to growth and committed to quality, the company has worldwide sales of \$1.5 bn and sees Europe as a key marker place within which to expand.

An exciting opportunity exists for a high-calibre individual to join the European Management team at their modern headquarters. Reporting to the Director of Planning and MIS, you will be responsible for the preparation of strategic and business plans, competitor and market analysis and the development of a planning methodology. You will liaise with senior management throughout Europe and with planning staff in the USA and be supported by sophisticated computer technology. Although not extensive, some travel will be required in Europe to meet with business unit staff and provide some direct support. You will be expected to set high standards of excellence and 'add value' to the role.

You are likely to be looking for a first move, having had 3-4 years' experience in corporate planning, marketing or other relevant functions,

experience in corporate planning, marketing or other relevant functions, gained in an aggressive market-orientated environment. You will be a graduate perhaps an MBA, ideally holding a professional qualification, possibly in

Career prospects are excellent for either a senior line or functional For further details, please write to: Paul Stafford

Stafford Long & Partners Recruitment Limited, 17-19 Foley Street, Londoo W1P 7LH. Please quote reference 5221.



-NORWICH UNION FUND MANAGERS LIMITED

SENIOR FUND MANAGER UNIT LINKED FIXED INTEREST FUNDS

Norwich Union continues to be one of the fastest growing insurance and financial services groups in the UK and a

Norwich Union Fund Managers Limited, members of IMRO and managing funds in excess of £13 billion, seek an experienced person of proven ability to manage our expanding stable of unit linked fixed interest funds. The post is based in Norwich, which is within easy reach of the City.

Reporting directly to the Senior Investment Manager, you will be responsible for the performance of the unit linked funds covering gilts, including index linked securities, Eurosterling bonds and convertible

Educated to degree level, you should have considerable experience in the fixed interest market. This is a high

profile position requiring excellent communication skills, sound analytical training and judgement and the commitment to contribute positively within our established Fixed Interest

The competitive salary is backed by a first class benefits package including performance related bonus and a comprehensive relocation scheme, where appropriate.

We are an equal opportunities employer and happy to consider applications from registered disabled persons. If you measure up to the qualities highlighted in this advertisement, write now with full

John Mundey. Investment Personnel Manager Norwich Union Insurance Group Surrey Street, Norwich NR1 3NG.

NORWICH 1

Corporate Finance

Deloitte Haskins & Sells is a leading financial advisory firm looking to expand its Corporate Advisory team within its Corporate Finance Division by recruiting professionally qualified graduates with relevant experience.

Successful candidates will have at least two years' experience in the corporate finance department of a top merchant bank or stockbroker. They will be able to demonstrate experience in public take-over work, capital raising, the regulatory environment and general corporate advice. A commercial outlook and an ability to market are essential.

An attractive and competitive returneration package is offered reflecting the importance of the role and its career

Please write giving full details to: Nicholas A Mooriss, Deloitte Corporate Finance, Hillgate House, 26 Old Bailey, London ECAM 7PL.

Deloitte **Haskins+Sells**

Appointments Advertising appears every

Monday Wednesday Thursday

Legal Appointments General Appointments Accountancy Appointments

UNIVERSITY OF NEWCASTLE UPON TYNE DEPARTMENT OF POLITICS

LECTURESHIP IN JAPANESE POLITICS

The University invites applications from suitably qualified men and women for the post of Lecturer in Japanese politics. The successful candidate will be a member of the new Northumbrian Universities' East Asia Centre (Director. Professor R Drifte). The post is available from 1st September 1989.

The person appointed will be a specialist in either Japanese government and politics or Japan's international relations. He/she will be expected to play a full part in the teaching and research of both the Department and the new centre. Candidates should have a strong Japanese language background.

Salary will be at an appropriate point on either Lecturer Grade A £9,260 - £14,500 p.a. or Grade B £15,105 - £19,310 p.a. according to qualifications and experience.

Further particulars may be obtained from the Senior Assistant Registrar, Establishments, The University, 6 Kensington Terrace, Newcastle upon Tyne, NE1 7RU, with whom applications (three copies), with the names and addresses of three referees, should be lodged not later than 28th April 1989.

BANKING ACCOUNTS MANAGER c.£21K + Benefits

If you are either a qualified/part-qualified ACIB with strong accounting experience, or a part-qualified ACA/ACCA with good banking/financial services experience, this opening is very likely to interest

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Reporting to our Finance Director, the successful applicant will be responsible, with his/her team, for: The management of our customer accounting operations (cashlaring, bought and sales ledgers, data preparation/validation).
The supervision of daily cheque clearance and the review of customer and nominal ledger balances and control accounts.

oling with customer enquiries, audit letters and liaising with our Advances and Treasury Section to maintain an effective accounting service.

 Assisting the Finance Director in enhancing accounting and banking systems and conf You must be an effective administrator with proven managerial skills and be able to work to tight deadlines, in a fast moving environment. Your detailed c.v., together with information about your current renumeration package, should be sent to Ms. J. J. Standfield, Group Resources Executive, at the address below.

CHANCERY PLC T4 Fitzhardinge Street · Manchester Square
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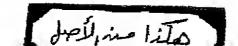
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NATIONAL WESTMINSTER BANK CHAIR IN **BUSINESS FINANCE**

Europe's livellest Business School is seeking to meke an appointment to its prestigious National Westminster Bank Chair in Business Finance. The Chair is endowed by the National Westminster Bank p.l.c.

The School is about to enter a period of considerable expansion under its new Director (Professor Tom Cannon) and more Chair appointments are to be made in the fields of Information Technology, Manufacturing Management and Strategic Management. The successful candidate will join a large and growing professoriel team.

Applicants should heve e proven research record and be able to provide strong Intellectual leadership in Corporate Finance and Capital Market Theory end should be capable of communicating effectively with M.B.A. and Ph.D. degree course students as well as with experienced manegers.

The appointee will join Professor J.F. Dent, Professor of Menagerial Accounting and Financial Management, In developing major research and teaching initiatives in Accounting and Finance. There will be the opportunity to make other appointments, in addition to staff aiready in the subject area. The successfut candidate will elso become a member of the Manchester Accounting end Finance Group, a lively and active research association of over forty academic staff in the University of Manchester Department of Accounting and Finance, the Manchester School of Management at UMIST and the Business School.

The salary will be in the normal professorial range with U.S.S. superannuation benefits. External consultancy is encouraged.

Informal enquiries should be made to either Professor Dent (Tel: 061 275 6333 x6423) or the Dean of Faculty of Business Administration (x6323).

Oetalled applications (suitable for photocopying containing the names of three referees should reach the Registrar, the University, Manchester M13 9PI (from whom further particulars may be obtained 061 275 2028 quote ref 77/89/

DANISH EQUITIES/SALES

BJORNSKOV Securities Limited, a new UK registered brokerage agency in Danish securities, has a vacancy for a

SALES MANAGER

with responsibility for servicing established and potential international institutional investors in Danish equities.

The successful applicant should have the following qualifications:

- fluency in Danish and English
- detailed knowledge of Danish Equities comprehensive experience in company
- good communication skills with a flexible and pleasant personality

We can offer you:

- excellent working conditions international environment with professional team
- attractive salary according to qualifications and experience

Application should be sent to:

Lynge Bank Managing Director

BJORNSKOV SECURITIES LIMITED

HAMRTON HOUSE, 1 TEMPLE AVENUE, VICTORIA EMBANKMENT, LONDON ECAY CHA

Enquiries can be made to above on tel. 01-353 2542.

BJORNSKOV Securities Limited is a member of The Securities Association and affiliated with AS Bjornskov & CO., Copenhagen, Stockbrokers, which as independent financial institution is one of the largest Danish stockbroking agencies.

Appointments Advertising

appears every Monday Wednesday Thursday

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FT writers explain why modern techniques failed to contain the Exxon Valdez oil disaster

Like taking a sponge to a flooded basement

he 10m gallon oil spill age from the Exxon Valdez tanker in Alaska has focused attention on the methods used by oil companies to deal with

such disasters.
Although efforts to stem the pollution from the Valdez appear largely ineffectual, work is going on to develop a better procedure for such emer-gencies and to improve the

cleaning techniques.
Since the Torrey Canyon disaster off the south coast of Britain in 1967, oil companies have sunk millions of pounds into developing better methods of dealing with oil spills. The four most effective are: collecting the oil using booms and skimmers;

burning;
chemical dispersants;
naturally ocurring

Choosing the correct method to deal with each oil spill is like choosing the correct golf club from a golf bag, says

Keith Cameron, environmental engineer at British Petroleum's group environmental services.

If the oil slick is attacked quickly it can be contained. Booms up to 600 metres long are used, with an inflatable

prevent the oil spreading.
This enables the oil to be removed by skimmers, such as a rope mop. This circle of rope absorbs the oil but not the water. When saturated, it is pulled through a mangle to

squeeze out the c.l.

More sophisticated devices
have hundreds of rotating plastic discs which attract oil but not water, or involve floating scoops which skim off the oil.

Skimming is most effective in sheltered areas. In rough churned under the skirt of the boom and quickly mixes with

Although burning seems an obvious solution, it is now treated with scepticism by many experts because it leaves a sticky residue which is more difficult to deal with than the oil itself. It is also berd to ensure complete combustion because when the oil is exposed to sunlight, the light flammable parts evaporate, leaving beavier oil which is more difficult to burn. The sea also acts as a heat sink, quickly drawing the heat out of the flames and extinguish

ing them. A preferred method is to use chemical dispersants to break down the oil so that it can be eaten by microbes. These crea tures live on the 3m tons of oil which seep through the sea bed each year.

The two components of dis-persants are: a solvent which penetrates the oil and acts as a carrier for the second ingredient, the surface active agent. The agent breaks down the oil slick into droplets which are then dispersed by the tide. Dispersants sink the oil up

to a metre below the surface. But this causes a different sort of problem, says Ian White, managing director of the Lon-don based International Tanker Owners' Pollution Fed-eration. "At the end of the day you have to make the decision: is the best solution to get the oil away from the surface to save the otters, knowing that it could be at the expense of the marine life and the fish?"

In recent years, hopes have been raised that oil slicks could be tackled by sprinkling large numbers of commercially farmed microbes directly on to them. But the microbes need extra doses of oxygen, nitrogen and phosphates in order to be fully activated and that combination is too difficult to control if the slick is anything other

More promising are a clutch of new chemical compounds such as gelling egents, which form a lattice-like sponge hold-ing the oil together until it can be collected. Although effective for small spills, the amount of chemical needed to do the job – up to half the quantity of cil – makes it impracticable for large-scale use.

Making the shoreline imper

making the shoreme imper-vious to oil is another approach. For inland spills, chemical coatings can be sprayed on to the rocks or beach to repel the oil. But, again, this has so far proved ineffective on exposed coast-

inerective on exposed coast-lines pounded by waves.

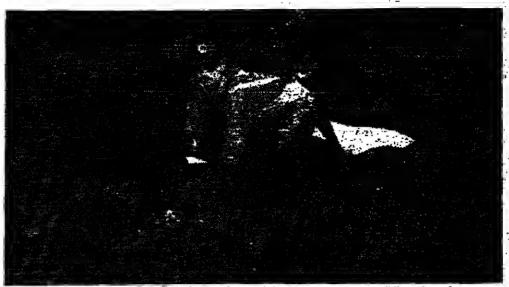
More useful in sea disasters are mousse breakers, so named because they deal with the churned-up combination of oil and water which resembles a mousse dessert.

Perhaps the most promising development is a chemical based on chewing gum. Designed in the US for use with skimmers, the chemical makes the oll more elastic. This means that as the oil is retrieved, more oil sticks to it and is pulled in as well.

Although such chemical developments will be crucial to the effective handling of oil slicks in the future, experts agree that a quick response is even more vital - and that involves rapid communica-

For the first time, rescue teams in Alaska are using com-munications technology which in the past has been the domain of television broadcast-ers and the military. Last Wednesday, satellite dishes and related electronics were flown out from the UK to enable instant telephone, telex and facsimile messages to be sent from the rescue ships to base via an Inmarsat satellite.

Della Bradshaw



A rescue worker scrubs the oil-scaked rocks on Naked Island in Prince William Sound

The reasons why the clean-up effort has proved so ineffectual in the case of the Exxon Valdez disaster range from bad timing to the chemical composition of the oil itself.

Effective treatment of a slick this size whether by skimming, burning or using chemi-cal dispersants — depends on ottacking it early, while the oil is in a concentrated for

In this case, it was 10 hours before the clean-np effort began in earnest. This was parily because of the remoteness of the site and parily because the accident happened over the Easter weekend, making it difficult to contact the appropriate authorities to receive clear-

ance, for example, for surface burning.

According to Mervin Fingas, an expert in emergency environmental technology with Environment Canada, oil must be at least 2 mm

Ravironment Canada, oil must be at least 2 mm thick to be burnt. In the case of the Exxon Valdez slick, he says, "It was more than that for the first 30 hours," but then it spread too thinly and ceased to be pure enough.

Riforts to combat the allck with floating booms and skimming vessels were hampered by bad weather. In any event, skimming is a painfully slow process. At speeds of more than 3 of a knot, oil begins to allde underneath the skimming vessels, according to Fingas.

He likens the use of skimmers to clean up this slick to using a sponge in a flooded base-ment. By Saturday, eight days after the Good-Friday spillage, less than 5 per cent of the oil

had been recovered.

Chemical dispersants were also tried, despite concern that they might harm marine life. They too made little impact on the slick, partly because of the chemical composition of the Prudhoe Bay oil that the vessel was carrying.

According to Fingas, Prudhoe Bay oil contains heavier hydrocarbons than most other North American crudes. This increases viscosity and makes the oil three to four times more

difficult to disperse, either chemically or mechanically.

In addition, within two days of a spill, the oil starts to form a mousee or butter-like emulsion composed of nine parts water to one part oil. This mousee is peculiarly intractable to treatment by any of the methods outlined above.

With attempts to use microbes to break down.

slicks so far proving unsuccessful, Fingas says that "nothing revolutionary" in the field of oil clean-up technology is on the horizon. "Progress in the oil spill business comes in small increments," he says.

Companion film to sharpen up the amateur's pictures

THIS month Kodak, the US photographic company, will extend its Ektar range of colour films, which many enthusiasts say give the sharpest pictures of any commercially available 35 mm prints.

The original Ektar films, launched last October, were at the two extremes of the colour sensitivity range. One is Ektar 25, a slow film for use in bright light. The other, Ektar 1000, is a sensitive film for low lighting.

Kodak is now set to launch a companion Ektar film in the general purpose 100 to 200 ASA range favoured by most amateur photographers.

The company says that it has brought together several technical and manufacturing improvements to give greater clarity and better colour repro-duction than conventional

Kodscolor films.
The T-grains, light-sensitive particles of silver halide which capture the image on the film, are smaller and flatter than before. T-grains (T stands for tabular) were first used in Kodak's high-speed colour neg-ative films in 1982, to replace the traditional cubic grains of silver halide. They were rede-signed to give Ektar a less "grainy" appearance.

The complers, chemicals which give rise to the colour dyes in the film, are more efficient. As a result Ektar 25 requires fewer layers of emul-sion than a conventional film (it has nine layers compared with 12 in Kodacolor Gold 100). This produces a thinner film which scatters less light, so

the horizon. 'Progness comes in small

David Owen

The order of the layers has been changed in Ektar 1000, so that less light is lost before it reaches the fast red-sensitive

THIS month Kodak, the US layer. The result is better "colour saturation than other films in the same speed range. This shows up particularly under artificial lighting, when it makes the blue tones in the

it makes the blue tones in the shadows look more natural.
Computerised production processes have been introduced for the new films and the chemicals that go into them. "A tiny imperfection, lost in the grain of a general-purpose film, would stand out sharply given the extreme enlargement some Ektar 25 negatives will undergo," says emargement. Some Exter 25, negatives will undergo," says Gary Einhaus, who leads the development team. "We had to develop emulsion manufactur-

ing equipment with the Ektar films in mind." Statistical process control is used to ensure that production quality is maintained. For example, representative sam-ples of emulsion are scanned with an electron microscope to show whether the individual silver halide grains — less than one micron (millionth of a metre) in diameter — are the correct size and shape. Kodak emphasises that the Ektar films are intended for

"serious" amateur photogra-phers with good quality, single lens: reflex (SLR) cameras. They give superb results if the exposure settings are just right, but are much less toler-

right, but are much less tolerant than conventional films of the mistakes made by "point and snap" photographers using cheap cameras.

Tony Kaye, a Kodak technical expert, says that the camera setting must be accurate to within one stop to give a good picture with Ektar 25. An ordinary Kodacolor film, on the other hand, will tolerate under-exposure by two stops or over-exposure by three stops. over-exposure by three stops.

COMPANY NOTICES

THE THAI-EURO FUND LIMITED MORGAN GUARANTY TRUST COMPANY OF NEW YORK

to re-elect Mr P S Brackerd as a director and

to re-expoint the sudflors and to authorise the dir

A member entitled to atland and vote is entitled to appoint a proxy or proxima t and, on a poll, vote instead of birs. A proxy need not be a member of the Co-

Lloyde Benk Fund Menagers (Guernsey) Unnited Secretary

VOTING ARRANGEMENTS FOR IDR-HOLDERS IDR-holders are not entitled to attend the meeting, IDR-holders who wish to vote must deliver the IDRs to the depositary to the activities given below (attention Corporate IDR accition telephone number 322-5048.46), instruct the depositary as in the meaners which their votes should be cast, and indicate to whom the IDRs should be returned after the meeting.

IDFI-holders who wish to vote are also requested to transfer to Morgan Guaranty Trust Company of New York, New York for account 570-51-422 of Morgan Guaranty Trust Company of New York, Brussels, a fee of USD 18, per IDFI for respect of which a vote

IDR-holders are hereby adviced that copies of the company's annual report en accounts for the period ended 31 December 1988 are available from the depositary. Requests should be sent to the address indicated below, to the attention of the IDR department.

> 35 Avenue des Arts, 1040 Brussels as Depositary

HEALTHCARE GLOBAL FUND S.I.C.A.V. 2, boulevard Royal - L-2953 Luxembourg

R.C. Laxembourg B-25162 Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING

of shareholders of HEALTHCARE GLOBAL FUND will be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2, boulevard Royal, L. 2953 Luxembourg, on Friday, April 21, 1989 at 3.00 p.m. with the following agenda:

1. Submission of the report of the Board of Directors: 2. Approval of the Statement of Net Assets and of the Statement of Operations as at December 31, 1988; 3. Allocation of net results;

4. Discharge of the Directors and of the Statutory Auditor with respect of their performance of duties for the year ended December 31, 1988;
5. Receipt of and action on nomination of the Directors and of the

6. Miscellar The shareholders are advised that on quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting

In order to attend the meeting of April 21, 1989, the owners of beater shares will have to deposit their shares FIVE clear days before the meeting at the registered office of the Company or with Banque Internationale a Luxembourg, 2 boulevard Royal, L 2953 Luxembourg.

The Board of Directors

FIDELITY SPECIAL GROWTH FUND Société d'Investissement à Capital Variable Luxembourg. 5 Boulevard de la Foire R.C. Luxembourg B 20.095

DIVIDEND NOTICE

At the Annual General Meeting held on March 30, 1969, it was decided to pay a dividend of US\$ 0,05 (five cents) per ehare on or after April 28, 1989 to shareholders of record on March 31, 1989 and to holders of bearer shares upon presentation of coupon No 3.

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HEALTHCARE GLOBAL FUND SLCAV.

derard Royal — L-2953 Luxembourg R.C. Luxembourg B-25162

Notice is hereby given that an EXTRAORDINARY GENERAL MEETING

of sharebolders will be held at the registered office at 2 boulevard Royal, Luxembourg on April 21, 1989 at 3.30 p.m. in order to resolve about the

 Amendment of the articles, including amendment of article 3 to insert the word stransferables before the word securities in the first paragraph and to replace the reference to the law of August 25, 1983 by that to the law of March 30, 1988 in the second paragraph, as well as other amendments icles, 8, 11, 12, 13, 17, 20, 22, 23, 23, 27, 27, 2 by the law of March 30, 1988 to adjust the articles to provide for indefinite duration of the life of the Corporation and to make into account certain changes of general company law and to make some further amendments to

Any other amendments required by any supervisory authority and/or deemed necessary by the legal adviser of the Corporation.

The shareholders are advised that a quorum of one half of the shares out-standing is required for the holding of the meeting and resolutions will be passed by an aftirmative vote of two/thirds of the shares present or represented at such meeting.

In order to attend the meeting of April 21, 1989 the owners of bearer shares will have to deposit their shares FIVE clear days before the meeting at the registered office of the Company or with Banque Internationals à Lexembourg, 2 boulevard Royal, Luxembourg.

The Board of Directors

CONTRACTS & TENDERS

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RHO UNIT.
It is insteaded that prior to leaders being instead interviews will be held with saltable compenies when further details of the contracts will be given.

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Monday, 19th April 1989 For further information contact PHILIP DODSON on 061 834 9381 (telex 666813)

> or write to him at Financial Times Alexandra Buildings Oueen Street Manchester M2 5HT

FINANCIALTIMES

LEGAL NOTICES

IN THE MATTER OF THE GERMAN RECURTIES SYNERTMENT THUST PLE

AND IN THE MATTER OF

NOTICE IS HERBBY GIVEN that a that distri-bation of 100p per Ordinary Share of E1 sech will be made to personal whose plates appear on the Register of Mausbert of the company at close of business on March \$1, 1909 and that distribution will be payable be April 14, 1909. Sharesholders are required to a first this plants and Charles and Charles and first this plants and Charles and Charle

in accordance with the perticulars of the Vermants, as there is a septial septial polarization in expass of the paid up Capital of the Company, Warrant holders are entitled to participate in such surpless part passes with the Cristiany stratcheders. Accordingly Warrant holders will participate in any sobsequent distribution and should return their certificate(s) to the Registers at this time, together with their Ordinary Share destinated, if applicable, to be ready for the subsequent distribution(s).

Date: March 20, 1989

D.J. Palien Uguldador

HARLOW & JOHNS LINETED

NOTICE IS HEREBY GIVEN, personnt to Section as of the Inscheduly Act 1988, that a MEETING of the CREDITORS of the above-named company will be held at Ourt, Guly, Shelley House, 5 Noble Street, London EC2V

on 7th April 1999 at 11 am for the purposes mantion in Sections Bi to 101 of the said Act. A list of the names and addresses of the company's creditors may be inspected free of charge to Cork Golfy. Shelley House, 3 Noble Street, London ECEV 7DQ

between 10,00 am and E.00 pm on 5th April 1999 and 6th April 1988.

Creditors wishing to vote at the meetin must (unless they are individual creditor attending in person) lodge their process a Cork Guilly, Shelley House, 3 Nable Stree London EUZV 700

no later than 12 neon on 6th April 160e. Creditors roust submit a proof of debt before voting and unfeet they surrented their secu-rity, secured creditions most give personlers of their security and 6e valve. DATED Bis 30th day of March 1988.

BY ORDER OF THE BOARD. J SCHLIP, SECRETARY

PERSONAL GENEVA

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The above Survey will now be published on

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Trials seek to tie up a natural way to prevent pests from mating MOTICE TO SHAMEHOLDERS AND By Christina Lamb

A NEW one application device that protects cotton against the bollworm larva by releasing chemicals to prevent the adult moths from mating has been undergoing trials in Pakistan.

The chemicals used are pherometric which are not are pherometric with the protection of the chemicals used are pherometric which are not are presented.

omones, which are put out by the female moths to attract males. In the new device, developed by British research-ers and produced by Mitsubishi of Japan, pheromones are contained in plastic twist ties similar to those used to seal freezer

Once the ties are attached to the cotton plant, the phero-mones are released from the ties in such concentration that the whole field is saturated. Consequently, the male cannot tell where the female is, thus stopping breeding. The process also immobilises the female, making her a sitting target for

A three and a half year project has just been completed in Punjab. Researchers from the natural resources institute of the British Overseas Development Administration played a key role, with funding from the United Nations Food and Agriculture Organisation and the assistance of Pakistan's Central Cotton Committee.

Work on biological control of pests using pheromones ini-tially started in the 1970s, in the US, with the pink boll-worm. After successful tests in Egypt, several agrochemicals sgypt, several agrochemicals companies began producing the pink pheromone commercially, with different methods of application.

ICI developed a spray, which must be applied every 10 to 14 days. Sandoz produced a micro-encapsulated formula-

micro-encapsulated formula tion - hollow fibres that must be glued on to the plant, also every 10 to 14 days. It was Mit-subtishi which came up with twist ties that could be attached just once for the sea-

In Pakistan, one of the world's largest cotton export-ers, cotton is attacked by the spiny and spotted bollworms as well as the pink variety. The levels of the former two have been particularly high recently and so far they have had to be controlled with insecticides.

John Sutherland, director of the project, says that pheromones are ecologically preferable because they target a par-ticular pest. Most insecticides also kill beneficial insects which keep other pests, such as white fly, at bay.

However, the very selectivity of pheromones has deterred agrochemicals companies from taking np biological control unless the targeted pest is very widespread. Thus the British researchers worked on phero-mones for the spiny and spot-ted bollworms which Mitsubishi could incorporate into its

twist ties. The aim is that the twist ties pioneered in Pakistan will rork against all three bollworm.

Sutherland says of the results so far: "We know pheromones do cause some disruption to the spiny and spotted bollworms, but we don't know if it is enough.

"The location is unlike Egypt where crop protection is totally controlled by the Government and often imple-mented by it. In Pakistan, everyone is left to their own devices and they all have their pet ways. We cannot stop farmers spraying when they get worried." For instance, part of the trials had to be abandoned because a farmer panicked and

sprayed 60 acres.

However, Sutherland is not too daunted. "The idea is good, but it is a long way from being ready to give out to farmers."

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Today we would like to thank Cathay Pacific Airways for their commitment to purchase ten A330 aircraft, with a further option for ten more, and for being the first customer to choose Rolls-Royce engines. Who will we be thanking tomorrow?

AIRBUS INDUSTRIE

Fraser report has evidence of wrongdoing says Young

PRESSURE ON Lord Young, the Trade and Industry Secretary, to publish his Inspectors report into the takeover of House of Fraser by the Fayed brothers intensified yesterday after he explicity acknowledged that it contained evi-

dence of "wrongdoing."
Sir Edward du Cann, Lonrho chairman, said Lord Young had "let the cat out of the

As Mr Neil Kinnock, the Labour leader, attacked Lord Young for his refusal to authorise immediate disclosure, MPs on both sides of the House of Commons said that the takeover had involved "lies", "deceptions" and "negli-gence".

After a demand hy Labour for a government statement on the affair, the Speaker (chairman) of the Commons ruled that MPs were not allowed to quote from a leaked copy of the report published in part last week by the Observer newspa-

The legal case between the Covernment and Lonhro, to be beard next week by the Law Lords, on whether Lord Young should be forced to publish in full the Inspectors' findings made the issue suh judice, he

That, however, did not discourage Labour and some Conservative MPs from voicing stances surrounding the take-

THE first Director General of

Water Services, the independent official who will regulate

water charges and monitor standards after the industry's

privatisation, is to be Mr Ian

Byatt, deputy chief economic

The choice, announced yes-terday by Mr Nicholas Ridley,

Environment Secretary, sur-

prised the industry but was

Mr Byatt, an economics lecturer before be joined the civil service in 1967, has specialised in the regulation of public monopolies at the Environ-

ment Department and at the Treasury, where he has been

adviser at the Treasury.

cautiously welcomed.

over and from pressing for full publication of the report. Under the protection of par-

liamentary privilege Mr Brian Sedgemore, a Labour MP, said that there was a public interest "in knowing that the principle shareholders of the House of Fraser are fraudulent rogues and in knowing how ministers came to be deceived in 1985".

Questioning Mr Tony New-ton, the trade and industry minister, Mr Sedgemore added: Do you intend to invite the Governor of the Bank of England to censure Kleinwort Benson for negligence, the Law Society to censure Herbert Smith for incompetence...and the Prime Minister to censure ministers for negligence, incompetence and naiviety."

Kleinwort Benson, the mer-

chant bank and Herbert Smith, the firm of solicitors, acted as advisers to the Fayed brothers during the takeover. Mr Teddy Taylor, a Conservative MP, said that the Government should respond to the lies and deception" referred to in the report by agreeing to refer the 1985 takeover to the

Monopolies and Mergers Com-

mission. Mr Newton, however, said that the Government had already clearly stated its rea-sons for not referring the takeover and had also indicated that other options were open to it in responding to the report. Mr Jonathan Aitken, another

Water watchdog chief chosen

deputy chief economic adviser

regulating the water industry, which includes I0 regional

water anthorities and 29 statu-tory water companies. Each

will require a separate charg-

ing formula, making the priva-tisation in November the most

complex attempted by the Gov-

Mr Byatt and around 100 employees of Ofwat will be based in Birmingham. His

responsibilities will include regulating charges by setting a

ceiling for price rises, monitor-ing service standards and the

enforcement of higher stan-

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He has a formidable task in

Conservative MP, said that the Government's case that publication of the report could prejndice criminal proceedings had already been contradicted in the courts by counsel for the

the courts by counsel for the Attorney General.

Both Lord Young and Mr Newton, however, stuck firmly to their view that premature disclosure of the report could prejudice both the current inquiries being conducted by the Sodons France Conference of the court of th the Serious Fraud Office and any future criminal actions. Mr Newton insisted that

in a BBC radio report earlier in the day that the Inspectors had found evidence of wrongdoing was simply an obvious expla-nation of his decision last year to pass it on to the SFO. Mr Kinnock, however, said that Lord Young had done what he wanted everyone else not to do - to make a judgment

Lord Young's acknowledgment

in public on the report.

The minister won support from some backbench Conservative MPs for tha decision not to publish and for the Government's sharp criticism of the move hy Londro and the

Observer to publish extracts. Mr Newton declined, how-ever, to indicate whether the Inspectors' findings could be made public as soon as the prosecuting authorities bad completed their investigations or whether that would have to wait for the completion of any

dards where necessary, and the encouragement of greater effi-ciency by promoting competi-

Mr Ridley said that the

appointment of the indepen-dent regulator was a key com-

ponent of the Government's

plans for the water industry.
"The new water plcs will be regional monopolies and the

regulator's function will be to ensure that neither the newly

privatised nor the existing water companies can unfairly exploit this," he said. Mr Byatt will take up his

new role officially in July

when the Water Bill is expec

UK NEWS

Moscow makes human rights gesture on eve of Gorbachev visit to Britain Ailing mathematician allowed to visit West

By Robert Mauthner and Philip Stephens

THE SOVIET UNION yesterday made a significant goodwill gesture on the eve of the visit of its leader, Mr Mikhail Gorbachev, to Britain, when it announced that a seriously ailing Soviet mathematician, in urgent need of medical treatment, would be allowed to travel to the West travel to the West.

The decision to allow 68-year-old George Samoilovich, who is reported to be suffering from lymph cancer, to leave his country temporarily after persistent British official representations on his behalf, was seen hy a Foreign Office spokesman as "a considerable achievement in Anglo-Soviet

Mr Samoilovich, who has been offered free medical treatment both in London and the US, had not been allowed to leave the Soviet Union earlier because the Soviet Govern-ment claimed that he was in posession of state secrets gleaned when employed by the Defence Ministry. His plight is one of several human rights cases due to be raised by Mrs

AMID the inevitable hype surrounding Mr Mikhail Gorba-chey's visit to London this

week, one theme will he emphasised repeatedly by

at Heathrow airport late this

evening, phrases such as "chemistry" and "mutual admiration" will be at the cen-tre of the British public rela-

As her tenth anniversary in

office approaches, the aim will be to reinforce the perception that Mrs Thatcher's stature

and experience give Britain a place on the world stage far

beyond its status as a medium-

Mrs Thatcher wants to be

een hy her peers in other

Western nations - particularly those in Europe - as having a pivotal role in reshaping East-

She hopes to underline that her foresight in recognising as

long ago as 1984 that Mr Gorba-chev was a man the West could

"do business with" has been

rewarded with a special rela-

tionship with the Soviet leader.

sized European power,

West relations.



Minister, during Mr Gorba-

chev's visit. The Soviet gesture came just as the aimosphere for Mr Gorbachev's visit was in danger of being soured by repeated public warnings by Sir Geoffrey Howe, the Foreign Secretary, and other Ministers, about the continuing Soviet military threat and the need for Nato to

Mrs Thatcher yesterday underlined her determination

"sure and strong" defence and should press ahead with the modernisation of its short-range nuclear weapons.

She said that she would would tell Mr Gorbachev that she was determined to negoti-

ate from strength.

Mr George Younger, the
Defence Secretary, said yesterday in a speech to mark Nato's 40th anniversary that "the new Soviet rhetoric" about "defen-sive sufficiency" cut little ice with an Alliance (Nato) that had been concerned solely with defence from its inception.

These criticisms were countered yesterday hy a senior Soviet official, in London to brief the press ahead of Mr Gorbachev's visit, Mr Evgueni Primakov, Director of the Moscow Institute of World Economy and International Affairs, who referred to Sir Geoffrey's "primitive view" of Nato's role and East-West rela-tions. However, Mr Nikolai Shyshlin, consultant to the Communist Party's Central Committee, tried to smooth ruffled feathers by stressing that Britain and the Soviet Union had to build a climate of

trust and co-operation.

Mr Gorbachev, who was said
by British officials yesterday to
have "a cordial, even enjoyable,
relationship" with Mrs.
Thatcher, is due to arrive in
London from Cuba late tonight, accompanied by his wife Raisa. Mrs Thatcher, who will be at the airport to meet him together with other mem-

will accompany Mr Gorbachev to the Soviet Ambassador's res-idence for brief initial talks. The two leaders will have

further talks, scheduled to last two-and-a-half hours and expected to range widely over subjects such as east-west relarights arms control, human rights and regional problems, particularly Southern Africa and Afghanistan, tomorrow. These will be followed by the signature of three agreements on investment promotion and protection, the building of a school in Armenia with British

Other important Items on the Soviet leader's programme tomorrow incinde a visit to Case Communications, an advanced technology company, in Warford, and a meeting with a Confederation of British Industry delegation.

Before leaving for home on Friday, Mr Gorbachev is due to deliver an important speech in the City of London and have lunch as the guest of the Queen at Windsor Castle.

Thatcher looks to 'chemistry' to set international reaction

those close to Mrs Margaret Thatcher - the strength of their personal relationship. By Philip Stephens, Political Editor From the moment the Soviet leader's aircraft touches down

with some justification. This week's talks will represent her fifth meeting with Mr Gorba-chev and his third trip to the

return visits to Bonn and Paris during the summer and, if the guard is any guide, they are being treated most seriously by

Moscow.

Mrs Thatcher will be the first Western leader to be briefed by Mr Gorbachev on his assessment of the upsets suffered by official candidates in the recent Soviet elections. She in turn will be able to pro-vide him with a first-hand account of the prospects for further progress towards a negotiated settlement in Southern Africa

The style of their previous

have been tough - has also lent credence to the claim by one of Mrs Thatcher's senior aides that it was a "remarkable relationship." In the view of one of her officials, they may differ sharply over nuclear arms, but provide clear evi-dence that like poles do not

repel."
The British Prime Minister's respect for the Soviet leader is genuine, and there appears lit-tle is doubt that there is peculiar chemistry between two strong individuals determined "to break the mould" in their respective countries.

Some of her colleagues have been heard to lament that she treats the leader of a Communist country with more respect than some of her colleagues. With no hint of irony, those close to Mrs Thatcher compare Mr Gorbachev's efforts to modernise and liberalise life in the Soviet Union with the task that faced her in 1979. The other side of the same coin is that Mr Gorbachev is seen from the Prime Minister's office as a leader who will respect the Prime Minister's resolute determination to nego-

tiate from strength.

Mrs Thatcher will offer all the help she can give in the Soviet leader's quest for a more modern, less threatening society, but will also insist on a "cast-iron" insurance policy for the West in case he fails. for the West in case he fails. That stance also contains the

message that Mrs Thatcher wants to send to her allies in Nato: that her determination that they should reject Soviet calls for total denuclearisation in Europe and should instead move to modernise its short-range weapons is entirely compatible with further rap-prochement with Moscow.

As one of her senior minis-ters commented recently, that decision on modernisation will not be made by Mrs Thatcher. It will be thrashed out - probably at the eleventh hour - by US President George Bush and Chancellor Helmnt Kohl of West Germany. All Mrs Thatcher can do is to try to exert as much influence as pos-

sible.

Nor, however, is it certain that Mr Gorbechev will be content to stand by and allow Mrs Thatcher to translate his visit into an easy public relations

Soviet officials do not ridi-cule the idea of a strong rela-tionship between the two leaders, but the signs in recent days have been that Mr Gorba-chev is growing more impa-tient with her hard-line position on modernisation of short-range weapons.

His scheduled keynote speech before his departure on Friday will also provide him with the opportunity if he so chooses to launch a further Soviet arms control initiative designed to cut the ground from beneath's Mrs Thatcher's position



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Securities body opposes Brussels investment edict

THE SECURITIES Association, the largest of the City of London's self-regulating organisations, is opposing the reciprocity provisions of the investment services directive produced by the European Commission last December.

The directive, scheduled to take effect in January 1993, is designed to provide a "single passport" to a firm authorised in one member state allowing

in one member state allowing it to sell its services in any other state without the need to seek further authorisation.

TSA says in its official response that the directive should come into force by the scheduled date, which would coincide with the taking effect of the second banking direc-tive. Otherwise those securities firms which do not form part of a larger hanking operation will be placed at a competitive

disadvantage.

The reciprocity provisions, carried over from the second banking directive, would deny an application for authorisation from a subsidiary of a company incorporated outside the EC in situations where its home country does not grant reciprocal treatment to EC financial institutions wishing

to operate there.
TSA argues that the UK has becoma a major financial cen-tre because of its openness to international participants. The directive's definition of "reci-procity" is unclear. For example, it could even be applied against the US because of its Glass-Steagall legislation which prevents a bank from engaging in securities husiness and thus would be used to restrict the US activities of a German universal bank.

Even in cases where a firm from outside the EC was confifrom outside the EC was confident that the provision would not apply, it may still be deterred from setting up in the EC, TSA says, becausa of delays hefore it could be granted authorisation.

granted authorisation.

The TSA urges rapid progress on the capital adequacy directive which is also supposed to coma into force in January 1993. Capital requirements, it says, are closely related to authorisation and are one of the most sensitive. are one of the most sensitive criteria when firms decida where to locate their business.

The other area which points to a philosophical divida between the EC Commission and the UK authorities is in the division of responsibilities that the directive makes between an investment firm's home country, where it would be authorised, and its host countries, where it operates.

countries, where it operates.

The directive envisages that the conduct of business rules governing tha relationship between a firm and its clients should be the responsibility of the host coontries. Under the UK's Financial Services Act, potential conflicts of interest that arise within an investment firm because of its range of activities are regulated priof activities are regulated pri-marily by conduct of business rules imposing, typically, a strong duty of disclosure hy the firm to the client of its

However, the EC directive sees this issue as more suitable for being regulating as a structural matter, by restricting the types of business undertaken by a firm or hy imposing other organisational constraints,

Climate improves for the British resort

Travel agents see a brighter outlook for holidays at home, writes David Churchill

of the more exotic overseas destinations usually favoured by travel chiefs.

The choice of the Bognor Butlins – now called South-coast World – for the UK con-

ference of the Association of British Travel Agents is most apt this year.

Butlins, associated in Britain with old fashioned holiday camps offering traditional family seaside fun at budget prices, is enjoying a boom year with bookings running at record levels. Its popularity reflects the renaissance in domestic holidays this year. At domestic nonlays this year. At the same time, though, last year's airport delays and higher mortgage repayments at home have taken some of the gloss off continental package

holidays.
Figures from the British Tourist Anthority show that the number of Britons taking holidays of four nights or more in the UK last year rose for the

By Raymond Snoddy

ATEX.the electronic text

processing company whose customers include Mr Rupert Murdoch's News International

and the Daily Telegraph has

bowed to market pressure and produced a new less expensive

system based on standard per-

sonal computers.

Atex, part of the Eastman

Kodak group, which has more than 700 customers in 38 coun-

tries, has tended to be sceptical

in the past about linking per-sonal computers together

RITAIN'S travel agents and tour operators met yesterday to discuss the worries of tha industry in the down-to-earth setting of the Butlins holiday centre in Bognor Regis, rather than in one of the more exotic overseas of the more exotic overseas the trend has continued into the saying business is booming, but it looks a very healthy picture indeed, says Mr Tim Whitehead, director of tourism for the seaside resort of Torquay.

His comments perhaps more nights in the UK last year, compared with just three out of every 10 in 1987. British holiday operators suggest that the trend has continued into this summer.

Rank Leisure, for example, which operates five Butlins holiday centres as well as being the largest operator of caravan parks in the UK, says bookings are about 10 per cent higher this year than 1988. Superhreak Mini Holidays,

sperifical Mini Holidays, the leading short-break holiday operator in the UK, also reports more Britons taking home holidays this year. "Demand is very huoyant," says Mr Christopher Dunn, Sperbreak's joint managing director.

Wales also is enjoying a boom, according to Mr Prys Edwards, chairman of the Wales Tourist Board. "Our recent advertising campaign has generated some 170,000 inquiries and a very high proportion of these are being con-verted into firm bookings," he

Some tourist chiefs remain

Atex launches cheaper system

rather than providing its own

Mr Alec Hollingworth, Atex European vice-president, con-

ceded yesterday that there had

been market pressure for a new product based on personal

The new Atex system devel-oped in the UK and aimed at

the European market will be suitable for local and regional

newspapers and magazines

requiring between six and 60 screens. It will be based on the

resort of Torquay.
His comments perhaps reflect the fact that, after years

His comments pernaps reflect the fact that, after years when a holiday in Britain was seen as a downmarket alternative to a sunshine package overseas, the UK holiday industry finds it hard to believe the good times are really returning.

A further warning was given to delegates at the Ahta conference hy Mr Malcolm Wood, marketing director for the English Tourist Board. "The British tourism industry has an unprecedented opportunity in 1989 to reap the benefits of improved bookings and favourable market conditions for UK holidays," he told them.

"But the industry must be prepared to rise to this challenge. Above all, 1989 must be remembered as the year we laid to rest the idea that a British holiday is second-best."

ish holiday is second-best."

The main structural change

in British holidays over the past decade has been the fall in the numbers taking the tradi-

IBM PC range hut will use

standard Atex keyboards and

there was no technical reason why a larger number of PCs could not he networked together. Atex had simply not

got that far yet. He expected personal com-

puters to migrate into the larger electronic newsroom

systems running national

newspapers, but the time scale was not yet clear.

Mr Hollingworth added that

software.

tional week or fortnight of "main" holiday in Britain. The number of such holidays (measured as four nights or more) was down to 19m in 1986 from

was down to isin in 1998 from 27m a decade earlier.

This slump is both because Mediterranean sunshine holi-days have become more acces-sible and because most British resorts have failed to upgrade accommodation or invest in all-weather facilities. Some resorts have responded

by investing to attract new-markets. The Bognor Butlins, for example, was refurbished at a cost of £27m (as part of a £125m investment programme for the Butlins group) and is reaping the benefit of improved bookings.

Mr Angus Crichton-Miller,

managing director of Rank Lei-sure, points out that the invest-ment has enabled Butlins to pursue new markets such as weekend breaks and confermeeschii Those operators and controlled in new facilities are now paying the price," he says.

British operators have also

been shown the example of the Centre Parcs holiday village in Nottingham. Centre Parcs is

Dutch-owned and provides all-weather accommodation and a

high level of facilities.

Blackpool, still Britain's most popular seaside resort, has also learned to adapt. The resort, on the north-west coast,

resort, on the north-west coast, already attracts 6.5m visitors a year to its pleasure beach. "When a major survey alerted us to the problem of the ageing visitor, a deliberate policy was aimed at recapturing the young," points out Blackpool's department of tourism. Some £16m, for example, was invested in an "indoor seaside" complex called the Sandcastle. Yet British tourism is also aiming at the "grey market" of over 50s who have the time and the money to enjoy several holidays a year. "It is a very important market for us as these holidaymakers will often take several short-hreak UK holidays a year to places and cities like London, Edinburgh, and the Lake District," says Mr Dunn of Superbreak.

What would really cheer travict chiefe moned to a superpression.

What would really cheer tourist chiefs would be a sunny summer. "After three pretty average summers, it'a about time we had a real scorcher!"

Spycatcher reports 'in grave contempt'

By Raymond Hughes, Law Courts Correspondent

NEWSPAPERS which Mr Laws said the Spycatcher published material from Spysaga was now over and done catcher, the memoirs of former MIS (counter intelligence) offi-cer Mr Peter Wright, whan court injunctions were in force were guilty of grave contempts of court", counsel for Sir Pat-rick Mayhew, QC, the Attorney General, told the High Court in

London yesterday,
Mr John Laws was opening committal proceedings against three newspapers – The Independent, the Sunday Times and the now defunct News on

Sunday — and their editors.

He said that the publications complained of were on various dates in 1987 and in the Attorney General's view called for "punitive" action by the court. The Attorney General was

not seeking orders against three other newspapers, the Sunday Telegraph, the London Evening Standard and the now defunct London Daily News. The Sunday Telegraph and its editor had apologised for dard and the London Daily News had offered explanations

which had led the Attorney General to think that the pub-lic interest did not call for any order to be made against them.

saga was now over and done with and there could be no question of "raking over the

embers".

Last summer the Government finally failed in its claims for final injunctions preventing the British press, publishing material from the memoirs of Mr Peter Wright, "a disgraced and discredited former member and discredited former member. of the British Security Ser-

vices."
But from June 1986, there had been interim injunctions in force against the Observer and the Guardian newspapers and their editors prohibiting the reproduction of anything from Mr Wright's book. "All Fleet Street knew about

these injunctions and it was known that the Crown's purpose in hringing the court actions in the first place was to prevent the dissemination here of what Wright as a previous.

The fact that the Spycatcher case had been brought on behalf of the Crown by the Attorney General was not significant.

The hearing continues.

Wales joins Labour's devolution programme

By Anthony Moreton, Weish Correspondent

THE LABOUR PARTY yesterday committed itself to devolution for Wales as part of a shake-up of local and national government within the principality and said this would be given priority if the party was returned to power at the next general election.

Mr Barry Jones, the party's

the next general election.

Mr Barry Jones, the party's spokesman on Welsh affairs, promised in Cardiff that the lagislation needed "would be passed within the lifetime of the parliament."

This is a rather more cautious commitment than that given to Scotland where Labour has promised "immediate" devolution. Mr Jones denied this was a piecemeal approach. Change in Wales and Scotland would be accompanied by a reappraisal of local government in England. "Do not underestimate the power of a Lahour government to a Lahour government to devolve power to the regions," he said.

he said.

The Welsh Labour party is to take the scheme to its annual conference in Llandudno next month. It will propose the setting up of an elected body to deal with functions carried out by the Welsh Office and those bodies which have an all-Welsh remit. At the same time, the party intends to simplify local government, by replacing the eight county councils and 37 district councils formed in the 1974 reorganisation with a sin-1974 reorganisation with a single tier of between 17 and 25

multi-purpose authorities.

If, as expected, the proposal is approved by the Welsh party conference, it will then go to the national party's conference in the autumn. Success there would almost automatically ensure its being in the manifesto for the next general elec-tion which has to he held before the middle of 1992.

Labour does not intend to reduce the 38 MPs in the coun-try nor relegate the Welsh Sectry nor relegate the Welsh Secretary to a non-cabinet post even though the person would presumably lose a considerable part of his or her powers. But its plan for the 765 community councils is less clear and will not be resolved until consultantions have been held with interested parties. "The debate is now no longer about devolution," Mr Jones said. "It is about the practical implementation of policy." A devolved of what Wright, as a previous tion," Mr Jones said. "It is insider in the Security Seration of policy." A devolved authority would not be an independent one, as Plaid Cymru, the Nationalist party urged, "but there must be a debate on establishing a new system of local and regional

Legal snag delays Dublin trial

LEGAL ARGUMENT delayed the start of the trial in Dublin yesterday of a Belfast man charged under the Criminal Law Jurisdiction Act which allows for alleged offenders in the UK and Northern freland to be tried in the Republic.

Mr Gerard Sloan, 35, is charged with escaping from Cramlin Road Courthouse, Beiin the Special Criminal Court in Dublin yesterday the trial indge questioned tha absence of warrants from the Royal Ulster Constabulary, and adjourned the court until the situation was clarified.

Mr Sloan was arrested last November as he boarded an aircraft in Dublin after eight years on the run. The act under which he is charged is rarely used in the Republic.

Charges under the Criminal Law Jurisdiction Act are at present being prepared against Father Patrick Ryan, the priest

sent back from Belgium after his arrest there last year. He is sought in Britain on terrorist charges, but the Irish Attorney General refosed his extradition after his arrival from Belgium, urging Britain to use the mechanism provided by the Criminal Law Jurisdic-tion Act instead.

Ministers discuss Anglo-Irish review

By Our Belfast Correspondent

BRITISH and Irish government ministers will today discuss the preliminary findings of the review of the workings of the Anglo-Irish Agreement when the Intergovernmental Conference meets in Belfast.

Mr Tom King, Northern Ireland Secretary, and Mr Brian Lemhan, the Republic's Foreign Affairs Minister, will jointly chair the meeting. The talks are also expected to focus on cross-border security after

on cross-border security after the recent IRA murders of two

senior police officers as they were returning to Northern Ireland after meeting Irish police officers in Dundalk

Sir John Hermon, chief con-stable of the Royal Ulster Con-stabulary, and Mr Eugana Crowley, Garda commissioner, are expected to attend the meeting during the talks on security.

Unionists have refused to participate in the review of the agreement - which gives Dublin a say in the affairs of the North - but other political groups have made submis-sions. It is thought the ont-come of the review will not be finalised until after the next conference meeting.

Most observers feel it will not result in any substantial changes to the Accord and will concentrate on measures to increase the efficiency of the secretariat which services the

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April 1989

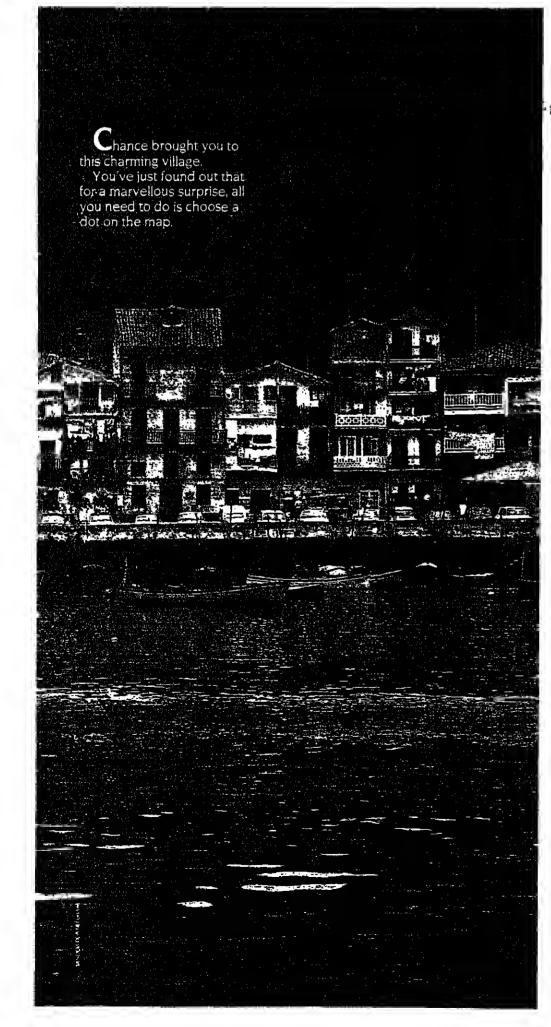
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Electrical engineering

Where 'paradise' is to be found in acting quickly

William Dullforce assesses progress in the enormous task of merging Asea and Brown Boveri

ercy Barnevik is still in his element 18 months after taking on one of the decade's toughest management challenges. "Sure, we have a massive job with all these plants and opportunities, but that is the stimulant. If you really are a rationalisation man, somebody who wants to change things, it is paradise."

The challenge is to merge Sweden's Asea and Switzerland's Brown Boveri into Europe's most effective contender in the global electrical

engineering stakes.

Speed remains the hallmark of his management practice. A year ago he stressed in an interview with the Financial Times the importance of acting quickly to prevent losses in market shares while the fusion took place, to motivate managers and to inject dynamism into the overweight giant which was the immediate result of the merger.
Six months ago he threw a cham-

pagne party for the team (and their wives) which wrote the software for, and put in place, the group's global reporting system. Duhhed Abacus, it gives the executive board monthly updates of sales, order intaka and hacklog, financial results and margins, by business

area, region and country.

When told it would take three years to have such a system working, Barnevik insisted that it should

start trial runs by last August Today he acknowledges that his insistence on speed caused some problems, particularly in West Germany, where employees staged pro-tests and sit ins over a period of some weeks last March and April.

But he still prefers to "push things through and not refer them all the time to investigation, because you can investigate to death." And, be adds, "we have not been blocked, we have not been delayed and we are not sitting still while governments decide."

While it has been concentrating on the process of merging, the group may have lost some of the electrical engineering market, notahly in the Nordic countries where Asea already had large market shares and where putting the Asea and Brown Boveri units together "has probably let in more imports." In Switzerland, the other "home" country, and elsewhere, Barnevik believes ABB has actually gained. Some losses may have occurred

on the product front. Barnevik menon the product front. Barnevik men-tions general purpose motors, where many organisational changes have heen made to improve effi-ciency. The three power divisions reported \$8bn in orders received in 1968, up 12 per cent, and overall the order intake indicates that ABB has suffered no major setback during the merger process. ABB's first consolidated annual

figures, reported last week, met most analysts' expectations with a 1988 pre-tax profit of \$536m on a turnover of \$17.8hn and a net income of \$386m. The margins were far from Barnevik's ambitious long-term targets of close to double last year's ratios. He expects the first fruits of last year's restructur-ing to become visible in the 1989

His optimism - for the longer not just the short term - is underpinned by three transformations under way in ABB's situation. First, the deals be has pulled off, notably with Westinghouse in the US and with Finmeccanica in Italy, which will substantially reinforce the group's market penetration.

Second, the many measures his task forces completed last year or have in the pipeline in order to turn ABB into "the lowest cost producer worldwide." The task forces push through exchanges of products and components among factories to achieve economies of scala and streamline manufacturing, marketing and financial operations.

Third is his conviction that he can put across his message of change right through the group. He has no illusion about the immensity of the task. A massive communica-tion programme started with a conference for 250 top managers in Cannes in January last year. Barnevik explained his policies, the conference was video-taped and made available to local managers. Then, the 50 product-based husiness area managements, whose task forces execute the strategy, held their own conferences. Comparable meetings took place at regional level, so that most middle managers will have attended two sessions. Another top management conference is in the

Communication is critical, Barnevik stresses. Managers need incentive systems, targets to work to, feedback from the managers above them and persuading that they can make more decisions and have more

interesting johs.
"Take one of the 600 middle-level managers in Germany. He may be 50 years old and have worked in a stable environment for the past 25. He may have to work some extra bours, change his methods, perhaps switch to another joh insida tha company and he asks why the hell

You tell him it is to increase low profitability. He says we have had a nice life on a 2 per cent margin for want 5 per cent or even 7 per cent. Well, you talk of joh security, long-term expansion, the threat from the Community's single marthet and that a strong company is good for him and his family. But somehody has to talk to Mr Müller and motivate him."

His staff say Barnevik himself has spent a tremendous amount of time at meetings with middle-level managers. "If we have mobilised half of them, it is fantastic. If we have managed 30 per cent, it's not so bad," Barnevik says. But he admits he does not yet know.

The two other developments the deals he has completed and the rationalisation — which underpin Barnevik's optimism are more easily assessed. The formation of ABB has spawned the restructuring, over the past 18 months, of the international, and particularly the European, power equipment industry.

in Europe ABB has become the biggest in the sector. Second is the joint company formed hy Britain's GEC and Alsthom of France, while Siemens of West Germany, until recently the dominant European, is

now in third place.

Already this year ABB has completed deals in the US and Italy.

The US authorities blocked the joint venture hetween ABB and Westinghousa in power generating equipment but the agreement on transmission and distribution equipment went through and will add some \$1.2bn to ABB's turnover. ABB currently has 45 per cent of the venture but with an option, which Barnevik probably will exer-

cise, to buy the rest.
In Italy the end result of complicated negotiations with Finmeccanica has been the formation of several joint ventures in power generators, boilers, turbines and generators, bothers, turbines and transformers. The outcome injects ABB technology into a grouping of some 32,000 people (including 10,000 outside Italy) and calls for a massive restructuring job.

Italy has become ABB's largest home base after West Germany and Speeden and crime it mains more

Sweden and gives it a major pres-ence in two of the four big Commu-nity countries. Barnevik is prepar-ing ABB for the European single market with cross-border rationalisation but at the same time he is taking care to retain the group's "multi-domestic" character. He says no more than 2 per cent of power plants in EC countries have been built by foreign contractors.

Looking at the broad canvas, Bar-

nevik expects to generate 25 per cent of group turnover, twice as much as last year, in North America in five years' time. He is circum-spect about reports that he has been talking about joint ventures with Japan's Mitsnhishi but says it is "obvious" that ABB has to be "an insider" in the Asian market. Less than half ABB's turnover

comes from the three power divisions and tha decentralised manage mant throughout the group has been striking deals in several other sectors over the past 12 months. Barnevik highlights railway equipment, where the group had an order intake of some \$1bn last year but where it has been buying additions. BREL, British Rail's engineering subsidiary, bought earlier this year

by a consortium in which ABB has a 40 per cent stake and will intro-duce its technology, products and market ontlets, adds \$450m in annual turnover to the ABB family. In addition, a share has been bought in a Danish coach and loco-motive builder and a Swedish state-owned coach huilding concern has been taken over. Agreements are being reached with the Swedish and Finnish governments for the acqui-sition of freight wagon building and maintenance units; and Ericsson Signals System with a \$120m turnover spread across Europe bought,
If one adds ABB's overhead rail
line business, the group will soon
be approaching annual sales to railway customers of around \$2bn. ABB also forms part of the German-based consortium huilding high-speed trains in competition with the French. Given the demand for bet-

ter urhan transport systems,

ABB: 1988 revenue by operation W.Europe - EFTA

road-rail freight and the pressure for more efficient use of energy, Barnevik thinks ABB has acquired "nice smorgasbord of opportuni-

The acquisitions and the deals are building np ABB's muscle as a global operator but new companies and joint ventures have to be managed; rationalisation remains the key to Barnevik's hopes of boosting the merged group's profit margins. Here a lot has happened in the past

The basic matrix structure with eight business segments, each responsible to a member of the executiva board for a product group or geographical region, 50 product-based business areas, some 800 companies and 3,500 decentralised profit centres is in place and functioning. Trimming costs is essentially the job of the task forces, put together at the business area level. The area management compares the manu-facturing costs for a given product at all its plants and picks the best one as a model. In A/C motors, for instance, one plant was producing at 50 per cent of the sales price while others had manufacturing costs of 75 per cent,

Teams, usually two or three specialists, then go in to cut overheads, streamline inventories, cut out some operations and source out the "less noble" parts to sub-contrac-tors. Products and components are swapped to get economies of scale. Enormous activity has been going

on right through the group, spearheaded by the business area managers. It will continue through 1990.

One of the most interesting examples, partly because it ran into resistance by employees and managers in the first half of last year and did not really get going until the second half, is the exchange of power generating equipment production between Germany and Switzerland.

Put simply, turbine and generator production was divided, so that Birr Switzerland concentrated on the rotating parts and Mannheim on the stationary parts for the com-plete range. Overall, ABB aims at cutting 4,000 of the 36,000 jobs in Germany and 2,500 of the 17,000 in

Distrivestment was part of the cost-cutting strategy outlined a year ago by Barnevik. In fact, there has been very little but ABB reported capital gains of soma \$600m from disinvestments in 1988.

A major real estate operation has been set up under a manager at Zurich headquarters, to exploit the space, both factory and land, freed by the production rationalisation. One example is NEBB, one of five companies which were merged in Norway into Elektrisk Burean and which had a headquarters and generator plant in the centre of Oslo. NEBB sold the site, realised a \$50m capital gain and took a 49 per centrake in the development company. stake in the development company which will rebuild the plant into offices. The group thus stands to reap further profits from the opera-

tion while generator production has been rationalised to one plant. Real estate companies have already been established in half a dozen countries, to take over the ownership of all ABB property. The industrial operations then become tenants, paying a market price, while the real estate companies "make dead sure that the property is exploited in the right way."

Another innovation is the establishment of treasury centres, to manage ABB's considerable cash resources and to exploit the oppor-tunities of the many financial instruments now available, in addition to one world treasury centre in Zurich, local centres have been set up in five other countries.

A rise in the capital turnover rating (assets to sales) from 0.9 to 1.20. to free some \$4bn, was one of Barnevik's targets. This was to bave included a reduction in inventories from \$5.4bn to \$4bn which has not taken place. Improvements to inventories come with a time lag after the rationalisation process. Barnevik says, but he points out that the group paid back \$1bn in loans last year. From an outside perspective, ABB is still in a colossal ferment of

merging, expanding and cost-cutting. But tha ferment does have direction and, as his colleagues freely testify, that direction comes from Barnevik himself, who is unsparing in the intellectual and physical resources he devotes to his

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IN THE WORLD. is as simple as it is complex. The production of any new Mercedes-Benz

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Mercedes-Benz costs a little more than an ordinary new

car, it's still a small price to pay for a vehicle that treats the passing years with almost total disdain.

Bite-sized news with your toast and marmalade Christopher Bean

pritain's third attempt at breakfast television, after the BBC's Breakfast Time and ITV's TV-am, is called The Channel Four Daily. Clearly it is entirely intentional that the title makes the programme sound like a newspaper. We live now, as we are forever being reminded, in "the age of information" and the electronic impulse is king. Fuddy duddy mass media such as print (500 years old!) are laughably outmoded, and the idea of getting the news to your breakfast table via railway train, wholesaler's lorry and paperboy's bicycle is utterly

The trouble is that, more than six years after their launch on BBC1 and ITV, the established breakfast shows are still running third behind newspapers and radio in the contest to sup-ply the public with their morning news. While the national morning papers are selling 15.75m copies a day and the four national BBC radio networks are broadcasting to an audience of about 10m at 8 am, with the Today programme alone attracting around 3m, TV-am manages just 2.7m viewers and Breakfast Time 1.4m. Both will argue about "reach" figures (the number of people who watch any part of a programme during the week) heing higher, but them the same applies to newspapers which are usually read by more than one person so that readership is much greater than circulation.

When it cams to planning their early morning programme, the people at Channel 4 seem to have been determined to try to do what newspapers do well rather than what television does well. Television is outstandingly good at serial drama, wildlife, com-edy, travel, and undemanding light entertainment of all sorts from chat shows to pop music. But none of that wins kudos for journalists, and the people most heavily involved in breakfast television tend to be jour-nalists – most of them print trained. some of them still primarily employed by newspapers. Thus, in the age of information, we find the all-electronic medium of television tying itself in knots in its desperate determination

to be a newspaper.

The trouble is that television just does not have the flexibility of a newspaper. At Channel 4 the idea of a repetitive, rolling service into which viewers are expected to dip, and then depart, is even more pronounced than on BBC1 and ITV, Carol Barnes presents the news headlines every 15 min-



The Channel Four Daily team: Michael Nicholson, Carol Barnes, Garry Rice, Debbie Greenwood, Dermot Murnaghan, Susannah Simons and Richard Whiteley

ntes, and is backed up by James Mates in Tokyo (we know he is there because there is a bonsai plant in front of the Venetian blind) and Michael Nicholson in Washington

The beadlines are followed by weather and transport details, and packed in between are "bite-sized" segments - their phrase, not mine flavoured with the arts, sport, social matters, and finance. There is even a half-hearted attempt to ape the latest obsession of the press and provide "fistings," although clearly this cannot possibly work on television in anything like a comprehensive way except by resort to teletext. On Day I there was also a token American cartoon (the usual derivative modern junk with poor two-dimensional ani-mation and all the heroes wearing knickers over their tights) and the same 5-minute version of Channel 4's

Because the news is being provided by ITN the basic quality is good, and once the programme is properly estab-lished, and the need to keep proving

game-show Countdown screened

the presence of Mates and Nicholson in the Pacific and the US is less urgently felt, it will no doubt settle down and seem somewhat less fre-

Probably not very much, bowever, because the very structure makes for a feeling of rush and superficiality. Though this column argued strenu-ously against Michael Ignatieff's recent series which suggested thet we are declining into a 3 Minute Culture it would have to be admitted that The Channel 4 Daily looks distressingly like a giant stride down that road.

It is not merely that so much time is taken up with graphics sequences "framing" the various segments, and trailers, or even timetables showing "what's coming next," with one pre-senter "handing over" to another presenter who has nothing to do but amounce the next commercial break so that you sometimes feel that this meal consists largely of waiters pass-ing the menu around while rarely providing any actual food.

mined to limit items to "bite-size" morsels that when a story within the "Streetwise" section on enforcing rights under Ancient Lights laws ran to more than three minntes they chopped it in half and inserted a twominute gobbet about SERPS in the middle. A report by Michael Nichol-son on the election of s mayor for Chicago appeared to have lost so much in the editing that it scarcely made any sense.
One special difficulty for a commer-

cial channel which arises when you reduce all items to such short lengths s that they come close to the size of the advertisement breaks, and mod-ern British commercials are very high quality pieces of film making. It is almost impossible for *The Channel &* Daily to compete in terms of technical quality with the Kellogy's Frosties sd, or Wrigley's "It's a part of the moment." Alongsida such a professional smorgasbord tha programme morsels begin to look like warmed-up leftovers

What is more, the commercials Worse, the producers are so deter- seem to be the only place for any

amusement. It has been suggested that Channel 4 decided to adopt, as their own, Peter Jay's "mission to explain" which came such a cropper during the fiasco of TV-am and the "Famous Five." The evidence now on screen hardly suggests they have gone that far, but on Day 1 there was certainly a tendency towards the pofaced. The result was that the commercial breaks with the "Cheese It" series, featuring Edward Heath, Ken Livingstone George Melly and so on. Livingstone, George Melly and so on, actually became moments to look for-

ward to.
Television's desire to compete with and, if possibls, supplant newspapers is understandable, but the attempt to imitate the functions of the press so precisely may be a mistake. The beauty of a newspaper is that it can be all things to all men. In the choice of subject matter the reader is king if of subject matter the reader is king: if you want to read two minntes of sports news and then 10 minutes of political background that is what you get. If you prefer 10 minutes of fash-ion followed by three minutes of opinion that is what you get - from the very same newspaper. Furthermore, you can begin reading in the lavatory, continue at the breakfast table, and finish by doing the crossword on the

With television you are tied to the set and entirely st the mercy of the hroadcasters: if you want two minutes of sport and they are doing five min-utes of the FTSE Index then, willy nilly, the FTSE Index is what you get. (And, incidentally, the belief, now so widespread in television and radio that there is an insatiable appetite for expert and arcane financial news among the general public is, surely, an astonishing misapprehension: it would be interesting to know what tiny proportion of the audience even knows what the FTSE is . . . or

For myself I long ago gave np watching Breakfast Time and TV-am. The only time I see them now is when staying in a hotel and, as usual these days, no newspaper is delivered to the room. Professional duties aside, this new C4 programme will now go into tha same category. On the day thet I can fold up *The Channel Four Daily* and stick it under my arm to take it into the bathroom or the garden to read Miles Kington's column or Ian Wooldridge's report while finishing my coffee, I may choose to go back to

Christopher Dunkley

was the gap between prepara-tion and performance that was never quite bridged here; an event to celebrate such a tow-ering figure in British music

needs a sense of occasion and

that never seemed likely to be

Bartók's Second Violin Con-

certo (another wartime British

premiere, with Menuhin as soloist) epitomised it all -

accurate, well co-ordinated and often tellingly lyrical in an unspectacular way, it could never gain a real sense of scale. The exchanges of soloist and orchestra were slotted

uneventfully into place rather than allowed to work up any creative friction.

Andrew Clements

Sylvia Marcovici's playing of

generated

The Late Christopher Bean by Emlyn Williams marks the departure of Bill Pryde as artistic director of the Cambridge Theatre Company. He has steadfastly maintained these past sevan years the decent standards and programming flair of this invaluable middle-

But the Williams play, which moves on this week to Poole, Taunton and Aherystwyth, although it tolerates revival. does not constitute much of a parting shot. The design of Tanya McCallin, well lit by Leonard Tucker, is pleasing but uninspired. The company, too, is solid and workmanlike, exposing further the awk-wardly plotted story and its less than sparkling dialogue. As a play, the best you can say for it is that it would probably make half a good musical. In bis memoirs, Williams

recounts how he spent a week tinkering in New York with a Sidney Howard script, itself a translation from the French of René Fauchois. The result was a 1933 hit for Edith Evans as Gwenny, the Welsb maid who is leaving service with the doctor's family after 15 years. Gwenny loved and cared for an alcobolic, tuhercular srtist patient who died in the bouse ten years ago and whose hith-erto unwanted work she has hoarded. But now this Christo-pher Bean, a rather doubtful Duhedat, owing to shifts in fashion and on the market, has hecome a postbumous long-runner Bean.

In the course of Gwenny's

last day, the homa of the Haggett family is invaded by people suddenly anxious to settle Bean's small debts and make off with the oils. When I last saw the play, in 1978 at the Watford Palace, with Dora Bryan as an unaccountably Lancastrian but touching Gwenny, the Tom Keating forgery business was in the news. This added a frisson to the sight of a forger, a dealer and a pompous critic all falling over each other to make hay while

the sun shines on a dead artist.
But the emphasis has now
shifted. CTC's Gwenny is a
creature of plump, unassertive
affability; Rhoda Lewis simply ignores all the chances she has to express the deep abiding sadness of her condition. Instead, Jerome Willis's rather one-dimensional doctor unleashes a grasping, acquisi-tive attitude towards art that rings a few bells but which also tramples noisily over such other issues as evaluation, loy-

alty, domestic relationships. Alec Linstead is the oleagioous critic, entirely uobeliev-able. Desmond McNamara the forger, Jim McManus rather good as the dodgily semitic dealer. The doctor's daughters are adequately taken by Susannah Doyle and Joanna Myers. But the powerful emotional subtext, that would transform Gwenny's devotion to Bean into a sneak preview of the teacher/pupil obsession in The Corn is Green (1938), is entirely

Michael Coveney



Jerome Willis

ENO's seat prices to rise by 23 per cent

An energetic flow of seven new productions set against a deteriorating financial situation was presented at the annual press conference of the English National Opera at the Coli-

seum yesterday.

Despite the fact that tha ENO is defying the "rules" of its principal backer the Arts Council and is budgeting for a loss in 1989-90 it is still forced to raise its seat prices by an average 23 per cent with the top seats costing £33 from August 24. However the bal-

cony seats will only increase in price by 50p to £5.50 and £6.50. The ENO is planning to press ahead with a full pro-gramme and to hope that central Government will eventually come to its financial aid. Among the new productions are one world première, Clar-issa by Robin Holloway which forms part of the ENO plan to

present one new commission a

Weill, a cross between grand opera and musical comedy and first performed on Broadway in 1947 (and now a co-production with Scottish Opera); two works by Verdi, A Masked Ball and Macbeth; The Return of

per cent for this season, and its £1.3m from Westminster Council is in doubt when the new local government financing comes in next year. Even so the ENO intends to lead the fight for greater arts funding and to press ahead with a full

Antony Thorncroft

Embarque

Siobhan Davies' Embarque, which featured in the second Rambert programme on Monday night, gives a telling impression of the artifacts and finite for the impression of the artifacts and finite for the manufacture relaxations of travel. It has a momentum sprung from the arresting opening its least shimmy and slouch, - a man and woman standing immobile at the star of a journey - that finds them and their companions driven by the pulse of the Steve Reich score and by the pace of the

land they are crossing.
Incidents flash past, or are
momentarily savoured; the
movement is often quick, but remains both supple and flu-ent; there are curves of dynam-- something like a game of "follow my leader" - which bave the inevitability and potent outlines of the Shades entry in La Bayadere. And, in dealing with a minimalist acore, Siobhan Davies has shown how she can control it - by not becoming trapped in vain repetition - and extract a parallel and fascinating imagery from its procedures. Embarque seems to me the triumphant maturity of gifts we first admired in Miss Davies

early Pilot which, too, dealt with travellers. Also new to London was Trisha Brown's Opal Loop.

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FINANCIAL TIMES

London

hough

the Rambert cast of four catch doing their own thing while TOVISAS TO STRAKE else's activity. Very mysterious the sudden conjunctions of bodies: when Amanda Britton stands supporting Glenn Wilkinson's torso, a world of feel-ing and tension is suddenly

The same comment is true of the company view of the even-ing's opening Septet, Cun-ningham anglicised, but Cun-ningham nonetheless. But it is not applicable to that ancestral treasure, Dark Elegies, which is a shadow of its former Ram-bert self. The lean company style today does not comprehend the density and control of emotion that are needed for Tudor's own refined 1930s expressionism. The point work for the women looks alien: the men do not appear weighed down by inexpressible grief. It is a brave but wrong-headed try at a masterpless which we should now consider lost to us.

Clement Crisp

Boult Centenary Celebration

FESTIVAL HALL

It would have been all too easy to celebrate the centenary of Adrian Boult's birth by giving concerts drawn from the core repertory with which he was identified most closely — the symphonies of Beethoven. schubert and Brahms, and his ecialisms of Kigar and Vaughan Williams.

The Philharmonia'a four-concert Boult tribute, conducted by Andrew Davis, has been igned much more enterprisingly: though the series began with Elgar's Violin Concerto, Vaughan Williams' Sixth and Walton's Crown Imperial, and will end next Sunday with The Dream of Gerontius, the central pair of concerts has attempted to give a much wider impres-sion of Boult's achievements and of the reasons for his importance in British musical life for more than half a cen-

As Michael Kennedy's commemorative essay in the Phil-barmonia's programmes reveals, the sheer range of music which Boult conducted was vest, especially during his 20 years from 1930 onwards as the BBC Symphony Orchestra's chief conductor. I doubt that many would have identified Boult as the

conductor of the British premiere of Berg'a Wozzeck — a concert performance at the Queen's Hall in 1934; a few weeks earlier he had introduced Mahler'a Ninth Symphony, and conducted Wozzeck again in 1949 - or of Stravinsky's Symphony in C (a wartime broadcast from Bedford), or predicted that in the BBCSO's inaugural concert the second suite from Rayel's

Dophnis et Chloe would have been placed alongside Brahms. Those who remember Boult only from his venerable appearances in old age, when understandably his choice of works was far more limited, should have found the shape of thesa Philbarmonia programmes salutary. Not saintary enough per-haps, for by the standard of the

Philharmonia's South Bank promotions neither concert was well supported, and by the standard of most Philharmonia performances some of the playing was indifferent. Davis began on Friday with Tippett's Second Symphony, which was the subject of perhaps the most infamous of Boult's premieres, falling apart within a few minutes and hav-

ing to be restarted while Boult

shouldered the blams for what was essentially a problem with the notation of the orchestral paris.
Davis's account was accurate

and co-ordinated enough, but quite lacking in tension or rhythmic drive; the slow movetingling remembrances of the Midsummer Marriage sound-world, seemed flat and unmagical, and the scherzo hobbled through its bounding additive rhythms. In the Three Fragments from

Wozzeck the textures had been

sorted out with some care; the

D minor Interlude was driven to a resounding climax, and Carole Farley gave a slightly pinched but idiomatic and comprehending account of the phrases from Marie's part.

In Bax's Garden of Fand on Monday, however, the control of line and instrumental weight was less certain; Bax in such a vein requires just as careful preparation as the Debussy and Ravel models from which he gleaned so much, and in the course of rehearsing such wide-ranging programmes as these, its tell-

unremarked

ing details could well slip by

Bertice Reading at the King's Head

Bertice Reading will be appearing at the King's Head Theatre, Islandon No. Theatre, Islington, N.1., from April 17 to May 21. Entitled Just A W.O.M.A.N., her jazz and hiues show will be presented Tuesday to Saturday (8.00pm) and on Sunday at

In addition there will be the

Ulysees by Monteverdi; Beatrice and Benedict by Berlioz; and another co-production, this time with Opera North, The Love of Three Oranges by Pro-The ENO's grant from the Arts Council of just over £7m has only been increased by 2

programme until bankruptcy

ARTS GUIDE

THEATRE London

> Fuente Ovejuna (Cottealoe). Wonderful production of Lope de Vega classic by Cheek By Ioni director and designer Declan Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bry-den company. April 7-12, May 3-6 (928 2952). Bed (Cottesloe). Imaginative rev-

Bed (Cottesloe). Imaginative reverie for old codgers in pyjamas and a sleeping den as big as the Great Bed of Ware itself. The delightful and unusual proceedings are scripted by Jim Curtwright, directed by Julia Bardsley. April 13-19, April 28-May 2 (228 2252).

Hamlet (Olivier). This pictur-

2 (328 2252).
Hamlet (Olivier). This picturesque Renaissance revival by Richard Byre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the improve with experience in the role. Judi Dench is a muted Ger-trude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. April 12-15, May 2-8, 16-18, May 25-June 1

(282 252). Single Spies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Malesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Cal-low plays Guy Burgess in a re-hash of Bennett's fine TV film An Englishman Abroad (734

A Walk in the Woods (Comedy). A wate in the wood (Comeny).
Aloc Guinness and Edward
Herrmann in feeble off-duty arms
negotiation encounter by Lee
Blessing. Guinness, back on the

London stage after 10 years, (920 2578, cc 839 1438). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less first than expected (334 1317, cc 835 2426). The Vortex (Garrick). Maria Aithen and Emert Everett in hriben and Emert Everett in hriben and Emert Everett in hriben. the yorker (Garrier, Mark Ha ken and Rupert Everett in bril-liant reappraisa) by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. (379 6107, or

Mother Handel (3/9 610/, 62 741 9999).

Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National. Fizzing performances from Gillian Berge, Francesca Annis, Zoë maker (437 2663, cc 379

Wandmare (set and 4444).
Henceforward (Vandeville). Izn
McKellen and Jane Asher in
bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained mar-riage. (838 9967, ec 741 9999).

New York

Shirley Valentine (Booth). Pau-line Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's story of a Liverpool woman's awakening in the Aegean Sea. Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, includ-ing On the Town, West Side Story and Gypsy.
Rumours (Broadhurst). Nell
Simon's latest comedy is a selfconscious farce, with numerous

alamming doors and lots of unug-ging but hollow humour that misses as often as it hits. Cats (Winter Garden), Still a sell-out, Trevor Nunn's produ tion of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262). A Chorus Line (Shubert). The

Perhaps more truthfully it

longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than

are used as summons rather than emotions (239 6300). Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama se and My Girl (Marquis). Even

if the plot turns on ironic mim-icry of Pygmalion, this is no clas-sic, with forgettable songs and dated leadenness in a stage full dated leadenness in a stage full of characters. (947 0033). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 5200).

Washington

Beggar's Opera (Folger). This eighteenth century view of Lon-don low life by John Gay gets inspiration from its Globe Theatre setting. Ends April 9 (546

Paul Robeson (Eisenhower). Tony-sward winner Ron Richardson alternates in the title role with Avery Brooks as the heroic American black singer, entertainer and civil rights activist in this new musical. Ends April 80 (254 3670).

March 31-April 6

Chicago

Driving Miss Dalsy (Briar Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her black chanffen exposes the changes in the South over the past several decades

(348 4000). Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of authern life from under the dry ers in a busy hairdressing estab-lishment (988 9000).

Kabuki. At the National Theatre (265 7411). Shinsarayashiki Tsuki Amagasa (O Tsuka s Death)de-Amagasa (O Tsuka's Death)depicts the uneasy relations between the upper and lower classes in the late 18th century and cootains a famous scene in which the leading character breaks a vow and turns back to drink. (541 3131).

Nastasya. Bentsan Pit (548 2087).
Brilliantly conceived and executed adaptation (in Japanese) of Dostovevsky'a The Idiol. of Dostoyevsky'a The Idiot, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando as as Prince Myshkin. My Fair Lady, Koseminkin Kaikan, Shinjuku (407 8155). Touring production (in English) of the classic musical, with James Harrison as Professor Higgins. The Cherry Orchard (in English).

Ginza Saison Theatre (535 6555). Peter Brook's widely acclaimed

SALEROOM Question over Utrillo

Christie's kicked off the spring series of Impressionist and modern picture sales in Lon-don on Monday evening with an auction which was solid rather than sensational. The two most important items, a pair of Picasso's painted around 1920, sold within estimate, a Cubist "portrait" of his future wife Olga selling for 2.4 m to an American bidder and a Classical hand making and a Classical head making £3.52m

A Modigliani of a girl in a striped shirt also just crept over its lower estimate, selling for £2.7m. while a Salvador Dali of a pair of old boots set alongside his wife's ankle clad in snake bracelet was bought in at £380,000. All told the sale made £24.5m, with 15 per cent unsold.

The strongest demand was for tha German school and there was an impressive auction record price for a painting by Paul Klee, the £3.8m paid by an American collector for a large abstract influenced by Bauhaus, "Uplift and Awsy," an evocation of flight. There was also a record for Max Ernst of £792,000 and for Otto Mueller of £396,000. Another success was the £660,000 paid for a couple of circus artists painted by Beckmann. A Pissarro view of Hyde Park, lost to view for many years, realised £440,000, an auction record for a Pissarro on paper.

The main excitement at Christie's sala yesterday of sec-ond division Impressionists was when Jean Fabris, the so called "moral guardian" of tha work of Utrillo, stood np et the auction and cast doubts about the authenticity of lot 168, a Utrillo view of a snowbound Parisian street. James Roundell of Christie's Impressionist department politely said that ha was happy to discuss the matter with Mr Fabris privately but that the sale would

He affirmed that Christie's was totally happy with the euthenticity of the work which subsequently sold to Global Fine Arts, a New York dealer, for £104,500 at the bottom of the estimate of £100,000-£150,000. But Mr Fabris seems to have blighted the demand for Utrillos, always by their very profusion something of a drag on the market, and four of five more works by him in the sale were unsold. Mr Fabris intends to continue his vendetta st Sotheby's, which is disposing of a batch of Utrillos

The suction itself was very lack lustre, raising £4.39m, but with a high 34 per cent unsold. Top price was the £264,000, well below forecast, paid by a Swiss dealer for two circus clowns by Berbard Buffet.

Antony Thorncroft

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Wednesday April 5 1989

Too much, yet too little

ONE VIEW of the debt crisis is that the citizens of indehted that the citizens of indehted developing countries sold their countries short, while the commercial banks of the developed countries took the long position. The proposals from Mr Nicholas Brady, the US Treasury Secretary, ehould then be viewed as an attempt to shift a portion of the risk yet again, this time onto the international financial institutions. Since the Europeans and the Since the Europeans and the Japanese contribute substan-Japanese contribute ethistantially more to these institutions than the US, this is rather a clever way for a fiscally constrained US to resolve a major security concern at the expense of its allies.

The question is whether the

US has been too clever by half. By giving legitimacy to debt reduction the US has aroused enormous expectations in indebted countries. Brazil, for example, talks of cutting its external debt in half. But the official resources available are too small to meet so amhitious an objective, with the US anthorities mentioning 20 per cent as the maximum that can be achieved. There is a danger that Mr Brady has undermined the muddling through of the past, without putting anything

adequate in its place.

The somewhat grudging acquiescence of some European countries, notably the Netherlands, the UK and West Germany, is understandable. But it is short-sighted. The new US approach is an advance, for it recognises that most of the heavily indebted developing countries will not, in fact, trade their way out of their debt problems. Losses must be taken. The questions are how, and what role official resources should play.

Drawbacks

One should recognise that all approaches possess drawbacks. Under voluntary debt reduc-tion, the smallest benefits will go to countries that are most successful in their effort to adjust while banks that do not participate in debt reduction will benefit at the expense of those who do. But official involvement creates further problems. There is a valid objection to concentrating scarce resources on those who were rich enough to get into

difficulties with commercial lenders and too incompetent to get out of them. Commercial creditors will also try to shift as large a share of the losses as possible onto the official

Income distribution Given all the risks, the

Group of Seven industrial countries were right to insist that there is no moral or practical case for official support to generalised debt relief. It is important to remember not only the scale of capital flight, but also how income is distributed. but also how income is distrib-uted in key indebted countries. According to the World Bank, the richest 20 per cent of Bra-zilian bousebolds enjoy 67 per cent of national income, while the bottom 20 per cent makes do with a nugatory 2 per cent. If adjustment has borne heavily on the poor (as it has), wby sbould this avoidable development concern the governments of the developed countries more than it has the élites of the countries con-

Extensive involvement of official lenders in debt relief can be justified only by corre-spondingly extensive policy changes in indebted countries. It is a way of rewarding the more competent and deter-mined for their adjustment efforts. How the financial assistance should be provided is a secondary question. Once losses on past loans are being recognised, bowever, deht reduction hecomes a highly effective vehicle for official

At present the international institutions do not possess resources on the scale required without threatening either their own financial health (this being particularly true of the World Bank) or access to their funds of the more deserving. If the developed countries have accepted the case for official participation in debt reduction, they should take the next step, of creating substantial special funds for that purpose within the World Bank and IMF. Only when armed with substantial resources, can the international financial institutions hope to secure policy changes that will justify their taking more of the long position than they already have.

Mr Gorbachev in London

MR MIKHAIL Gorbachev arrives in London tonight on his third visit in five years. More to the point, it is the first in a series of foreign visits he will be paying this summer, notably to China, West Ger-many, France and Italy. While there clearly is a good

personal rapport between him and Mrs Margaret Thatcher, It would be wrong to make too much of this. Western leaders should bear in mind that in his dealings with all of them he is pursuing his own diplomatic strategy, and that they still have a common interest to identify and defend. For many of them the Nato summit in May will be a less enjoyable occasion than their bilateral meetings with Mr Gorbachev, hut agreement on a common Nato strategy should still be

That was presumably what Sir Geoffrey Howe had in mind when he spoke on Panorama, the BBC television programme, on Monday night, with his rather strained metaphor of the "well-stocked hatful of well-armed rabbits," meaning the ability of the Soviet Union to remove or decommission a whole range of conventional weapons in Europe without seriously affecting its overall

superiority.
But Mr Gorhachev will hardly try to pull a new rahhit out of the hat in each Western capital that he visits. He le more likely now to emphasise the need for progress in the various multilateral arms control negotiations, and he may well be clever enough not to raise with Mrs Thatcher the issue of short range nuclear weapous, leaving it instead for Nato allies to quarrel about among themselves.

Substantive discussion

The subjects on which more substantive discussion can be expected during this visit are "regional" problems (notably Southern Africa and Afghanistan) and buman rights. Mrs Thatcher will certainly express ber appreciation for the Soviet role in helping to bring about last year's agreement on Angola and Namibla, and more especially for the continued Soviet support for the agree-ment and for the UN peace-keeping force in the last few days, when there must have been great pressure on Moscow

to come out in support of SWAPO. She will probably also wish to explore with Mr Gorba-chev the possibilities of involv-ing the African National Congress in a new effort to bring about change by negotiation and without further violence in South Africa itself.

Negotiated settlement

On Afghanistan it is Mr Gor-bachev who will be asking Britain to use its influence with the US and with Pakistan to bring about a negotiated set-tlement, now that he has ful-filled his pledge to withdraw Soviet forces. Mrs Thatcher will he reluctant to do anything that looks like selling out the Afghan resistance or legi-timising the communist regime. But it is true that a conflict of interest is becoming increasingly apparent between the Peshawar-based alliance of parties, dominated by Islamic fundamentalists and backed by Pakistan's military intelligence service, and the mass of the Afghan people whose main demand is for peace and a gov-ernment which will leave them alone to rebuild their homes and their lives. Mr Gorbachev and their lives. Mr Gorbachev certainly has no credentials to speak for the Afghan people, but he and the West working together might yet be able to help them.

On human rights, finally, the most tangible issue which continues to dog Anglo-Soviet relations is that of the Jewish "refuseniks". Ironically the number of long-term refuseniks — that is people who applied to leave the Soviet Thion before January 1987 Union before January 1987, have reapplied since and had their applications refused — is now no higher than the number of Soviet Jews who are being allowed to leave each month. Jewish lobbies in the West are anxiously awaiting the appearance of new Soviet legislation on the subject. If, as is hoped, this puts a reason-ably short time limit (say three years or less) on the restriction applied to would be emigrants who had access to state secrets

 other than people who vol-untarily accepted such restric-tion when taking a particular job - the problem could actually be solved, and the way to the lifting of the Jackson-Vanik Amendment restricting US-Soviet trade would thereby

Hugo Dixon reports on the competition over high definition television

uropeans say they will be overrun by Japanese technology and American soap operas if they do not take a stand. Americans fear that parts of their computer and defence electronics industries will go the way of their consumer electronics industry unless they get into the race. The Japanese, meanwhile, complain that the Europeans and Americans are trying to stop an innovation that will benefit humanity out of an irrational fear of

an innovation that will benefit humanity out of an irrational fear of competition from the Far East.

The three-cornered fight over high definition television (RDTV), a new technology which will bring to people's sitting rooms pictures as sharp as those available on a cinema screen, has all the ingredients of a high

drama.
This battle - which at one level boils down to how many scanning lines there should be on the TV sets of the future - has not been confined simply to the technical boffins, or even the world's industrialists. The issues have been portrayed as so vital politically, industrially and culturally that politicians have also been drawn into the fray.

Into the fray.

Lord Young, the UK Trade and Industry Secretary normally known for taking a laisser-faire approach to trade disputes, backed the European solution to the row when he appeared in front of newly developed European HDTV cameras on the beach at Brighton Lord Secretary.

ton last September.
French President François Mitter-French President François Mitterrand persuaded his Enropean colleagues at a summit last December to
sign a communique stressing the
"extreme importance" of developing
"Europe's audiovisual capacity."

Mr William Verity, the last Commerce Secretary of the Reagan administration, felt that the issue was so

crncial that American companies should be allowed to club together not just to develop HDTV technology, but manufacture and market the sets at well – a proposal at odds with Amer-ica's traditionally vigorous anti-trust

policy.
European and American politicians are taking up such positions because they are convinced that the stakes in the HDTV war are high. At the root of their concern is the fact that Japan has made a big push to develop HDTV technology and will be ready to broad-cast next year – four years ahead of

their competitors, European industry has fought back by launching an Ecu 200m (£305m)

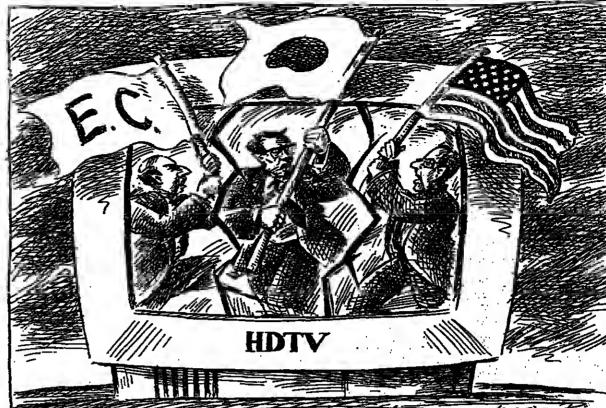
These separate initiatives mean that the world will go into the next century with three rival TV standards

project, under the auspices of the Eureka initiative for high-tech collaboration, to develop its own version of

This project is led by Europe's big TV manufacturers - Thomson of France, Philips of the Netherlands and Bosch of West Germany - and has financial backing from several governments. Broadcasts are expected to start some time in the mid-1990s. The Americans are even further

behind, mainly because the US television industry barely exists any longer. Thomson and Philips are now the major TV manufacturers in the US, and Japanese suppliers such as Sony and Matsushita also have a strong presence there.

Even so, 17 US companies - mainly from the computer, telecommunica-tions and semiconductor industries announced in January that they were considering setting up a joint venture to develop an American version of HDTV. The idea would be to do joint manufacturing and marketing as well



The battle to enter your living room

as R&D, on the lines of Mr Verity'a

The unshot of these separate initia-tives is that the world will go into the next century with three rival TV stan-dards. To understand why, it is necessary to appreciate the fear that electronics companies in Europe and America have of Japanese industry. They have seen the Japanese pick off electronics markets one by one audio equipment, photocopiers, fac-similes, memory chips - and are scared that Japan will consolidate its already strong position in the televi-sion market as well.

sion market as well.

If the Japanese proposals on HDTV are accepted, the argument runs, they would have a head start of several years which would enable them to drive their competitors out of the market place. That in itself would be had enough

had enough.

Much worse, though, is the possibil-Much worse, though, is the possibility that Japanese companies would use their lead in HDTV to oust their competitors from a series of other high-tech industries which could be profoundly changed by the advent of HDTV. This concern explains why companies such as IBM, the world's largest computer company, and largest computer company, and ATAT, the telecommunications are involved in the American initia-

The principal industries which would be affected by HDTV are: Computers, because the high-quality pictures developed for HDTV could be used for computer screens;
• Semiconductors, because HDTV
sets would consume large quantities of memory chips and microprocessors

Consumer electronics markets such as video recorders, which would have to dovetall with new TV sets; · Certain defence, medical and factory automation markets, which could be revolutionised by the availability

of sharper images.

It has been suggested, for example, that HDTV could have stopped the tragic shooting down of the Iranian airliner last year, because the US warship would have had a better radar picture, helping it to identify the aeroplane as a civilian one. Some observers feel that the impor-

tance of HDTV has been hyped by Western companies which are feeling the pinch of competition from the Far East and want governments to substdise their research efforts. They also question whether playing around with standards will buy Western industry more than a brief breathing space. Other observers wonder whether consumers will buy the products, given that they will cost about \$2,500 (roughly £1,500) each when they first amoear. first appear.

The consensus among market researchers, however, is that HDTV will be hig business, even though it may take a long time coming. BIS Mackintosh, for example, predicts that worldwide sales of HDTV sets will reach \$60n in 2000 and then jump to \$18hm in 2010.

Meanwhile, Jonathan Drazin, an HDTV specialist at Dataquest, says that related markets such as computer screens could be as important as the market for the TV sets them-selves. He dismisses as alarmist, how-ever, predictions made by some that the US could be driven out of the chips business if it does not get into

The Europeans and Americans have not confined their criticism of the Japanese proposal to the possible industrial damage. They have also been making great play of their ciain. that the Japanese system would

require consumers to throw away their existing TV sets. This claim results from the fact there is no single standard even for

the present generation of TV sets. The Japanese and American have 525 lines on their TV screens, while Europe and most of the rest of the world have

Neither of these systems gives par-ticularly good reception, mainly because the lines are not packed together tightly enough and the pic-tures do not change sufficiently quickly. These deficiencies lead to fuzzy images and pictures that flicker. HDTV overcomes these problems by increasing the number of lines and adding fancy electronic gadgets to manipulate the image. The argument is over precisely how many lines there should be on the new sets. The Japanese have chosen 1,125, the Europeans are going for 1,250, and the

peans are going for 1,250 and the Americans are likely to pick 1,050, although they have yet to make their What the Europeans and Americans object to is the fact that 1,125 is not a simple multiple of either 525 or 625, tem will not be compatible with any existing TV sets. Their solutions will be compatible, they argue, because 1,250 is double 625 and 1,050 is twice

The Japanese response to these criticisms is that the European HDTV standard will not be fully compatible with existing TV sets either. "As soon as they start talking about compatibility with existing receivers, they have to stick with the past," says Mr Masahiko Morizono, Sony's Vice President.
"Don't be taken in by the magic word 'compatibility'."

Cutting through this highly charged debate is tricky. In the modern world of electronics, there is no such thing as complete incompatibility. One standard can always be converted to another, although there are

verted to another, although there are costs in doing so.

When HDTV broadcasts begin, it will therefore be possible to receive them on conventional TV sets by adding a convertor. Viewers would not be able to enjoy the full glory of HDTV — they would have to buy completely new sets to do that — but they would be able to watch ordinary low-quality pictures.

The difference between the European and Japanese systema is the degree of incompatibility — in other words, the cost of conversion. It would be fairly cheap to convert a Japanese set to Japanese HDTV or a European set to European HDTV. Converting a Japanese set to European

Converting a Japanese set to European HDTV or a European set to Japanese HDTV, however, would be prohibitively expensive, says Dataquest's Mr Drazin. For this reason, the Europeans would, in practice, have to throw away their existing sets if the Japanese system were adopted and

vice versa.

The argument over compatibility has succeeded in driving the world into opposing camps and no compromise now seems possible.

The question is: does this matter? The Japanese say it does. Their industry has already spent about \$700m daveloping HDTV and they believe the Europeans and Americans are wasting their money by duplicating this effort. "They are putting a lot of money into inventing another wheel," says Mr Morizono. "All development costs will have to be borne by consumers."

Consumars would also euffer

Consumars would also euffer because the cost of making films and television programmes will be higher than it need be, argues Mr Morizono.

One of the attractions of HDTV is that its picture quality is so good that the movie industry might be enticed to use it for making films. This would mean that programmes could be made mean that programmes could be made for both cinema and TV with the same equipment and there would no longer be any need to go through the time-consuming business of convert-ing programmes from one medium to

However, the standards war might deter the industry from making the switch from celluloid, as it would not

The Europeans would, in practice, have to throw away their existing sets if the Japanese system were adopted

know which system to pick.

Similarly, a single HDTV standard would allow programmes made in one country to be shown automatically in other countries. As advances in communications make the world a smaller place, such cross-fertilisation will be increasingly important, says with Mortages.

"From a buman culture point of view, we have to exchange programmes so that people can learn about each other. If you have two or

three separate standards, this makes it impossible," he says.

Although a single world standard for HDTV would from one point of view be ideal, it is far from clear that the demand from hearing several will the damage from having several will be as great as Mr Morizono claims. There will always be ways of transfering programmes from one system to another. Moreover, while this will cer-tainly add to costs, the extra expense will probably be much less than if consumers in Europe had to throw

away their existing sets.

King for the Treasury?

■ Ian Byatt's appointment as director general of the new Office of Water Services cre-ates a job vacancy of some importance in the Treasury.

Byatt, the deputy chief economic adviser, was the top

micro economist at Great George Street, with responsibilities from tax reform to the regulation of nationalised

Despite Byatt's efforts and Chancellor Lawson's rhetoric about supply-side reform, microeconomics remains a backwater in the Treasury; more than 70 per cent of its economic staff are employed in econometric forecasting or macroeconomic analysis. That is a smaller proportion than in the 1960s, but is hardly the structure required for the

profile and quality of Treasury microeconomics would be to appoint a dynamic outsider as successor to Byatt. One person who springs to mind is Mervyn King of the LSE. Such an appointment would raise the likelihood of radical tax reforms in the 1990s. Besides he is already something of an insider, having had an influ-ence on last month's budget. An academic of King's qual-Ity might not want to play second fiddle to Sir Terence Burns, the chief economic adviser. But Burns, a forecaster, has been in his job almost as long as Margaret Thatcher has been Prime Minister. He must surely return soon to the private sector. And the eventual replacement of a forecaster by a microeconomist would signal a real commit-

In the red ■ The small Japanese bank which changed its name from Sanyo Sogo to Tomato Bank

ment to supply-side policies.

OBSERVER

has made a big hit with its customers. When the change of name came into effect on Monday, people queued to open new accounts and secure bank books emblazoned with a ripe tomato. In a single day the bank took Y68.5bn, increasing its total deposits by almost 15 per cent Tomato Bank said the name

had an even bigger impact than it had expected. Four times more customers came through its doors than usual - 43,700 people, some of wbom waited for more than an bour for their hright red bank books. The bank had also printed a more modest version in black and white, but few customers wanted it.

No Ministers

■ The one consensus that has emerged so far from this week's trade meeting in Geneva is that Ministers are definitely not wanted. Clayton Yeutter, the US Secretary of Agriculture, has had to cancel a planned informal visit after a deluge of complaints from other countries, worried that he was trying to sneak in through the back door to a meeting that has been strictly labelled "for senior officials only."

Some countries such as Australia threatened to send their own Trade Minister, if Yeutter persisted with his plan. As US Trade Representative in the Reagan Administration, all Yeutter wanted to do was say goodbye to his old colleagues.

Brady's lapse ■ Nine months as US Treasury

Secretary has not improved Nicholas Brady's standing with his fellow finance ministers. At a meeting in Washington on Monday of the Group of Ten to discuss the finances



drunken sailor?"

of the IMF, Brady started read-ing a speech on a wholly differ-ent subject for the meeting of the policymaking Interim Committee, due to start an bour later. When called upon to intervene in the discussions he appeared to concede a point which the leading industrial countries had previously agreed not to.

European finance ministers and central bank governors are also tiring of Brady's repeated promises that the US is determined to reduce its Budget deficit. "Controlled impatience" was the reaction of one European minister. Nigel Lawson produces even

stronger reactions, particularly from France's finance minister, Pietre Beregovoy. Referring to the debate at the Washing-ton meetings over Third World debt, Beregovoy talked of "tra-ditional recalcitrants" like Britain. When asked whether sterling should be a full mem-ber of the EMS, he said it might provide a certain amount of discipline to help contain inflation, yet the decision lay not with Lawson but

with "Madame Thatcher".

Banks on show ■ The hig five English clearing banks are about to appear on the same platform for the first time, though it has taken the Americans to bring them

Americans to bring them together.

Note the "big five". The Americans are very tactful; the fifth is the TSB Group.

Note also the word "English". If it had been British, it would have offended the Royal Bank of Scotland, which is not represented.

The occasion is the first Global Banking Conference to be held by Salomon
Brothers in New York tomorrow and Friday. It was thought
up by William Vincent, the Salomon banking analyst in London, and Tom Hanley, their analyst in the US. But it will not be just another conference on the state of the world econ-

Vincent says that the idea is allow non-US banks to explain what they are doing to an invited audience of Salomon's American customers.
They might, for example, want to talk up their stare price by persuading Americans to invest in them.
The conference will become

an annual event. The British banks will not always be repre sented so prominently, however. Along with the Spanish, they make easily the most powerful contingent this week.

The only German bank on the platform is the Deutsche. Next year, says Vincent, Salomon might be looking more to the Swiss, the French and the Japanese banks. So the British had better make their pitch while they can.

Almost there Overheard: "My wife and I finally settled last night what kind of a holiday we want this year. All we have to do is find a beach in the country."

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COMSAT International N.V. By: The Chase Manhattan Bank N.A., Trustee

Dated: March 29, 1989



Mr Shamir goes to Washington

Lionel Barber and Andrew Gowers examine the changing nature of the relationship between the US and Israel

or Mr Yitzhak Shamir, the Israeli Prime Minister, who arrives in Washington for talks today, his American patrons' East policy is proving just a

little too active for comfort.
For President Hosni Mubarak of Egypt, who visited the White House on Monday, the Bush Administration is not pushing hard enough for peace negotiations in the region.

For both men, it should be clearer by

the end of the week whether the Bush Administration is preparing for a seri-ous effort to restart the Arab-Israeli

ous effort to restart the Arab-Israeli "peace process".

Over the past 10 years — since the US-mediated Camp David accords between Israel and Egypt — progress has been glacial. Washington's sporadic efforts to engineer peace with Israel's other Arab neighbours, or at least to control the damage, have often left it in the position of a bruised bystander.

The Rush administration's watch.

The Bush administration'e watch-word, therefore, is cantion. The dia-logue with the Palestine Liberation Organisation launched by the Reagan Administration last December may be forcing all parties to reconsider their positions and may have opened up new mediation possibilities. But Mr Bush has been anxious to squash any suggestion that he might try to force a reino tant Israel into negotiations or seek to

impose a solution. In the face of calls for immediate preparations for an international peace conference. US officials reply that the time is not ripe; they talk of "tilling the ground" until the regional parties are ready to move towards direct negotia-

This partly reflects the character of the US Secretary of State, Mr James the US Secretary of State, Mr James Baker, who has little inclination for Grand Designs. The new Administration's low-key approach also reflects, however, changing perceptions of the nature of the conflict.

A Washington study group which included two of Mr Baker's key aides argued last year that the Palestinian uprising (or intifada) in the Israeli-occupied West Bank and Gaza Strip is making traditional American styles of mediation redundant. It has shifted the emphasis from an inter-state conflict with overtones of superpower rivalry back to the original core of the dispute, that between Israelis and Palestinians independent Palestinian state.

within what used to be Palestine.
The internal problems of America's closest regional ally, Israel, have become more sensitive and apparently intractable. But the ostensible motive for US involvement in the search for peace during the 1970s — the need to combat Soviet penetration — has become less pressing, despite Mr Eduard Shevardnadze's recent headline-making regional tour. Moreover, there is not the sense of alarm gener-

ated a decade ago by Arab oil power.

"The intifada may have made the achievement of an Arab-Israell settlement more urgent, but it seems also to have rendered a negotiated solution less possible," said the study group.

less possible," said the study group.

This is not to say that the US has been inactive or that many Israelis are not deeply worried about the future of their ties with their key supporter. Israel'e top strategic think tank, the Jaffee Centre, predicted last month that if the details are new into the committed.

the Centre, predicted last month that if
the status guo persists in the occupied
territories, the relationship could now
be in for a slow process of attrition.
Mr Shamir's national unity government, still reeling from the US decision
to override its objections and talk to the
PLO, has falled to persuade Mr Baker to
shanden the dislocate it is disficult to abandon the dialogue. It is difficult to abandon the dialogue. It is difficult to overstate the setback this constitutes for Israeli diplomacy, formerly based on the premise that Washington would consult it on every step in the region.

Mr Baker has now outlined a series of

tension-reducing, confidence-building measures which he wants Israel and the PLO to accept in order to lay the foun-dation for direct talks between the parties. He has also made it clear that Mr Shamir must bring some "new ideas" in order to avert ructions in the US-Israeli bilateral relationship.

It is not clear what will qualify. Mr Shamir's aides have indicated that he may propose a scheme involving elections in the occupied territories in which Palestinians can choose repre-sentatives for negotiations with Israel.

independent Palestinian state.

Nevertheless, the wily Mr Baker has already twice stated in Congressional arready twice stated in Congressional testimony that he is not prepared to dismiss the idea of future Israeli-PLO talks, saying: "It would be wrong for us categorically, absolutely, totally and completely to rule out under any circumstances any dialogue which might

lead to peace."

In so doing, he has deliberately uttered what for many years in the US
was the unutterable. A similar shift of
language was noticeable in Mr Bush's comment after his meeting with Mr Mubarak on Monday. "Egypt and the US share the goals of security for Israel, the end of the occupation, and achieve-ment of Palestinian political rights," he said. It is unlikely that President Reagan would have made such a reference to "the occupation." And, in another comment which is unlikely to have pleased Mr. Shamir, the US President went on to repeat his commitment to "a negotiated settlement, towards which a properly structured international con-ference could play a useful role at an appropriate time.

What was once rock-solid public sup-port in the US for the state of Israel still continues, but it it is no longer unquestioning. Moreover, it is matched by polls showing that the majority of Americans who favour the US-PLO dialogue has grown to two-thirds. TV coverage of the Israeli army's suppression of the Palestinian intifada is taking its toll on US public opinion; some surveys show almost one in two Americans hold a negative impression of Israel. And as the Israeli image suffers, so the PLO

image continues to improve.

The shift in political mood is reflected. in the American Jewish community. traditionally one of the best-organised and most vociferons political constitu-encies in the US. Most American Jews have acquiesced in the dialogue with the PLO, providing that the Organisa-tion adheres to its verbal renunciation of violence. "We are worried," says Mr



Henry Siegman, executive director of the American Jewish Congress, "but we

are not active. This stance takes the pressure off Congress, although a few core support-ers of the Israeli Government have voiced dissent. This is countered by veiled warnings from others that in an era of budgetary conetraint, Israeli human rights violations may damage the case for generous US foreign aid—which amounted to \$25bn under President Reagan and which remains a vital lifeline for Israel. Most observers dismiss the notion of pressure through foreign aid cutbacks: "It is too crude and it eign and cuttacas. It is not crime and it would backfire," said one Congressman. But a senior State Department official detects unease on Capitol Hill at the proportion of the aid cake — 35 per cent of the total — allocated to Israel and

Egypt alone.

Mr Baker is evidently seeking to encourage a step-by-step process which would eventually involve some form of direct negotiations between Israel and the Palestinians, international epproval and the implementation of interim peace measures over several years before the final status of the territories is resolved.

The hallmark of such a plan is its down-to-earth, practical approach which depends on further movement by the parties themselves, and especially by the PLO. Mr Barry Rubin, an analyst with the Washington Institute, says it can only work if the PLO continues its apparent metamorphosis into a non-ter-rorist organisation which is prepared to recognise the state of Israel. "If the PLO does not move, then the US will not push Israel," he says. Whether this is enough to bring

about a negotiation is another matter. The PLO, which clings to the belief that the US can be induced to deliver Israel

to the international conference table, has been showing impatience at the slow pace of American activity.

Nevertheless, Mr Siegman is one of many American Jewish leaders who believe, like Mr Shultz, that external events are pushing Israel. What is unclear is the degree to which this is recognised by Israeli political leaders.

Reform in the Soviet Union The solution lies in the co-operative movement

By Victor Vladimirovich Aksyutich

t is obvious that President Mikheil Gorbachev is pressing for radical reforms in all aspects of Soviet life. However, one must ask what these reforms really are and how they affect the ordi-nary Soviet citizen. Without understanding this, the West will fail to understand exactly what Mr Gorbachev is attempt-

ing to achieve.

The reforms are aimed at the emancipation of creative initia-tive and responsibility by both the state and the individual. In fact, the rhetoric promises more than it delivers. It speaks of free enterprise (in coded terms), freedom to trade with other countries, the opportu-nity to lease land and buy flats, the rights of the individual and freedom of expression.

Yet, in the past four years,
life in the Soviet Union has
changed little for ordinary people. Of the thousands of co-operatives formed in the past two years, the majority still face tremendous hurdles in overcoming the bureaucratic domi-nance of the system. The resolution passed et the end of 1988 will only serve to curtail the activities of those prepared to follow the reforms through. The opportunity to voice alternative ideas is only allowed when it does not threaten the supremacy of the Communist bureaucracy – those that do speak out still suffer imprisonment, harassment and psychi-atric internment.

Yet, the opportunity for gen-uine and far-reaching change does exist. Mr Gorbachev has released a genie that will not go back into the bottle. He can-not turn back since he can no longer rely on the support of the Communist old guard, such as Ligachev, or the lower eche-lons of the bureaucracy. He has only one option — to move forward. To do this he must align himself with his real supangn nimser with his real sup-porters — those who have attempted to put his reforms into practice. These are those in the co-operatives, who are attempting to devise new solu-tions — although not commu-nist — to today's problems. If Mr Gorhachev continues to ignore such people, the frustra-tions will fester and find less

constructive forms of expres-

Having unleashed the forces. Mr Gorbachev must use his new position as head of state to push through radical reforms to gain the support of the new civic society which his reforms have created. If be does this he will transform himself from a will transform himself from a leader of the Party to a leader of the country. This is the only chance he has to preserve and stabilise his own power. Unless he does so, and quickly, the social forces which he has unleashed may pull him down from his Party pedestal. It appears that Mr Gorbachev understands this and is beginning to build a new

beginning to huild a new power base in the soviets (local councils). Whilst it is hoped that power will gravitate towards the state apparatus rather than the Party appara-tus, Mr Gorbachev must include the many other groups which have formed. And the final step must be to allow the reforms to be tackled in a more coherent and forceful manner

Even this will not be enough. Mr Gorhachev must also allow the formation of a civic society. This requires tolerance from the authorities, which should extend to those disagreeing with the Party line. Tolerance of alternative ideas is the keystone to a civilised society and the means to progress and development. Without tolerance, society becomes distrustful, deceitful and destructive. Men with dreams and visions turn inward or cease to exist. Soci-

decision-making away from the

ety stagnates.
It is in economic reform that changes are needed most urgently. Many areas, including Moscow, are suffering severe shortages of basic items and are now faced with rationing of items such as soap, washing powder, meat end clothing. The co-operatives have sought to rectify some of the imbalances, but they are at present too small, too few, and about to face even greater hardehip because of the recently introduced new restrictions. But it is this very form of economic organisation on which the future of the Soviet economy depends.

Forming a co-operative

requires courage, patience and a vast amount of time spent dealing with hnreaucracy. Finance has to be raised. Raw materials must be obtained control of which is governed hy the state. Workers have to be found who are prepared to take the risk of either earning nothing or a lot. Then one must find a market. From April, co-operatives will be allowed to form trade

agreements with Western com-panies. To ensure that this happens and that the new restrictions are not added to, it is vital that Western companies seek out Soviet co-opera-tives with which to trade.

This is important for three reasons. First, if Western companies want to trade and not simply entangle themselves in red tape, the co-operatives are the best option. Second, if the co-operative movement is to survive and develop it must expand its markets - both to seli goods and acquire goods to sell in the home market. Third, the co-operative movement offers the ordinary people of the Soviet Union hope of improving their standerd of living, using their initiative and escaping from the dogma of state control.

There is a new breed of man in the Soviet Union today: a radical, educated and committed petriotic entrepreneur. Even I am surprised et the speed and extent of this phenomenon. If the West wants constructive reform in the Soviet Union, then it should not support Mr Gorbachev directly. Instead it should sup-port the independent-thinking part of the civic society which is becoming the main prop for

his reforms. By supporting Mr Gorbachev alone, the West will risk failure of the reforms and only suc-ceed in drowning the reformer. By supporting the prop on which Mr Gorbachev must rely to survive, the West will help the Soviet President and allow reform to proceed along its natural course.
The author, who has been

involved in various dissident activities, is currently editor of a monthly Christian journal, Vibor (Choices), published in the Soviet Union as part of a co-operative venture.

Calculated in figures

From Sir Donald MacDougall.
Sir, The Treasury's Autumn
Statement, in November 1968,
contained a table which showed, inter alia, productivity in manufacturing rising by 4½ per cent a year between 1979

This was compared, quite legitimately, with two earlier periods, both between cyclical peaks: 1964-1973 and 1973-1979. Since then, estimatee of recent levels of employment in manufacturing have been manufacturing have been revised newards, resulting in a downward revision of productivity growth between 1979 and 1988 to 4.2 per cent a year which makes the comparison with 1964-1973 less favourable.

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Could it possibly be for this reason that, in the Financial Statement and Budget Report published on Budget Day (March 14), the corresponding table compares different periods, the last being 1980-1988, which shows manufacturing productivity rising by 5% per cent a year?

This seems to me misleading as an indication of the trend. growth rate, because manufacturing productivity was at a trough in 1980, 4 per cent Donald MacDougall, 86a Denbigh Street,

Restrictive practices at the Bar

In a few cases, the court was indeed convinced of the valid-

ity of the argument. But in

general, few would now argue that disaster has in fact been the outcome. Indeed, I believe

that it is now generally accepted that the restrictive

practices legislation has been

of very substantial benefit to

Putting aside the theological

disputation about the benign

or malign effects of market

forces, is it not fair to say that the essential point is whether

or not members of the public are to be denied the ability to

decide for themselves what

scale and character of legal services to employ in any par-

Further are competent and experienced practitioners of

integrity to be denied the abil-ity to exercise their calling to

the full, whether as advocates

judges or, indeed, conveyanc-ers?

To defend such practices requires a formidable burden

If - as it is argued - the provision of legal services is very different from the supply of goods and services in general, the adoption of typical advertising ballyhoo seems hardly likely to advance its

23 Courthouse Gardens, Finchley, N3

the public.

ticular case?

of justification.

From Mr Philip Harris.
Sir, In the course of his attack on the Lord Chancellor's green paper, Lord Alexan-der welcomes bringing legal services within the ambit of the Restrictive Trade Practices legislation, as the Government proposes in its green paper of March 1988 on that subject.

It is a pity that thie volte-face on the part of the Ear has come so late in the

My impression is that the legal profession and its sup-porters bitterly resisted the inclusion of their services within the 1973 Fair Trading Act (see Schedule 4).

I do not know when they changed their minds, but if the problem had been dealt with more gradually under that act, like other services, it might not now need what they complain is precipitate action. In this connection a further

point may not be without perti-

nence.

Time and time again, parties required to demonstrate, under the restrictive practices legislation, that their restrictive practices were not contrary to the public interest, have etrenn-ously argued that abolition would have led to higher prices, reduced availability, inadequate services, or other seriously detrimental effects on nsers and consumers, or variants on the end of civilisation as we know it.

Gas profits

From Mr Ivan Whitting.
Sir, Lucy Kellaway's article
on British Gas (March 30) contained several illustrations of the gap between reality and perception about the performance of the company since privatisation, which we must work harder to close. She says that results so far

have left the City disappointed with profits static at £1bn in the first year as a publicly quoted company. The reality gives quite a different picture.

After adjusting for the massive change in debt structure introduced on privatisation, after-tax profit on a historical cost basis (the basis preferred by City analysts) went up from £577m in 1986 to £681m in 1987

and then to £816m in 1988. This last figure is the actual outturn in a particularly warm year, which held profits back hy about £70m. This strong underlying growth in profit-ability was reflected in a 23 per cent increase in the dividend in 1988, compared with the 1987 pro-forma dividend of 6.5p as stated in the prospectus.

Such results are hardly the grounds for "disappointment" – our results in 1987 and 1988 have been significantly higher than City analysts' forecasts at the time of privatisation in the antumn of 1986, and those made subsequently.

British Gas, 152 Grosvenor Road, SW1

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Focus on beneficiaries

From Mr John Argenti. Sir, Mr Lnndy snggests (Letters, March 31) that companice should aim to benefit three different groups of peo-ple: employees, shareholders and customers. But if he invokes the "stakeholder theory" in this way, he should logically go on to include all the other categories of a compa-ny's stakeholders: suppliers,

the local community, the state, , the environment and so on.
Theoretical and practical difficulties quickly arise. I am amazed that anyone still believes that it is possible to manage such multi-purpose organisations, where manage-ment is called upon to act as a sort of Father Christmas, dishing out benefits without any trade-off rules to show who

should get what. But it is not only company managements whose focus has been clouded by this theory. It-

was obviously felt in some quarters that a school ought also to benefit everyone: teachers, local community, janitors

oh yes, and the children (I
almost forgot). The same could
have been said, at least until
recently, of the NHS, Heathrow Airport, and others which had

plainty lost their way.
Surely what we want is not those rambling, wide-spectrum organisations so beloved of Victorian liberals, but sharp, single-minded ones which have clearly identified just one group of intended beneficiaries whose management can there-fore accurately target the organisation's resources to meet their particular needs of course always acting

John Argenti,

Pettistree Lodge

Government of the people . .

From Miss M. Watchorn. Sir, Democracy means representation for all the people.

Proportional representation is not practical, but the UK could have a system of election, rather than one largely of

The recent Soviet election has been most interesting. There, a candidate has to obtain 50 per cent plus of votes cast to be elected - none of the Westminster system of sliding in on a minority vote. A no-majority entails a second election which, interestingly, allows the introduction of new candidates - not limited to

Party members. representation of the people as a whole than that which can

can vote for a candidate who

most represents their views

This results in a much wider towards other groups of people a whole than that which can within the norms of accepted be obtained from a political-social behaviour. When people can choose, and

vote rather than abstain, as many UK voters now do. We could have a democracy in Britain where a minority-vote government would be impossi-ble. We would have no more of this Government's allegation that "the people" voted for commercialisation of the water supply, and electricity, and for the poll tax - all of which are bitterly resented.

It is impossible for a one-day election to be democratic; there must be some form of vote reallocation. The Soviet system seems to me better than the transferable vote: it allows for reaction to the first results.
I particularly like the Sovi-

ets' "reject" vote. That is real democracy. Some of their electorate must have enjoyed that. M. Watchorn, 58 Priory Road, West Bridgford,



FINANCIAL TIMES

Wednesday April 5 1989



DOMESTIC SEWING MACHINES

Bush to visit Europe for Nato celebration





Mr Manfred Wörner, Nato Secretary General, (left) and General Wolfgang Altenburg, chairman of the military committee, during vesterday's 40th anniversary celebrations

By Our Foreign Staff

PRESIDENT George Bush yesterday announced plans to travel to Europe next month to attend a special meeting of the North Atlantic Treaty Organi-sation (Nato) celebrating the 40th annivarsary of the alli-

Speaking on the actual anniversary of the treaty, the President also said he would "visit allied leaders in Rome, Bonn

and London."

Mr Bush, who was addressing a group of amabassadors from Nato countries in Washington, said the alliance "not only keeps the peace and free-dom of the Atlantic world, it has made possible the common effort to build a more constructive relationship with the East. By any standard, Nato has been a resounding success." In another speech marking the anniversary, Mr Manfred Wörner, the West German Nato Secretary General, said in Brussels that the alliance would increasingly become an instrument of political change, although he stressed that its military rationale would remain, whatever happened in

the Soviet Union. Elaboreting new justifica-tions for Nato at a time when many in the West are question-ing its future military purpose, the secretary-general said the

alliance would also be needed to "serve as a forum to balance and reconcile different European and American interests, be it in the political or eco-nomic field."

short of the break-up of the Soviet Union, Mr Worner suggested, there never would be a time when Western Europe would not need Nato to tie the US into its security and to counter-balance Soviet domi-nance in Europe and Asia.

"If you look at current (Soviet) intentions, you will not feel threatened," he con-ceded. He told a news confer-ence he believed President Mikhall Gorbachev does not

want to wage a war — he is trying to reform his economy and society." But the Soviet military capability was undi-minished, and even with Mr Gorbachev's proposed 10 per cent unilateral defence cuts it would still predominate over that of Nato.

Mr Wörner, the first West German to be Secretary Gen-eral, spelled out a vision of Nato's contributing to Europe that is able on the basis of self-determination for all its peoples to overcome its unnatural division and that of Germany."

Leaders of Nato's 16-member countries will hold a belated

40th anniversary summit in Brussels in May when they are expected to define a "comprehensive concept" for arms con-trol and their view of the future political course of East-

Stressing political change as a theme of Nato's fifth decade, he seemed to have the West as much in mind as the East. In addition to helping reconcile US-European political and eco-nomic interests. Nato would be nomic interests, Nato would be needed "to protect the emer-gence of a Western European identity and to serve as a plat-form" for re-apportioning secu-rity roles and risks hetween the US and Western Europe, he

Touching ou the sensitive issue of Western Europe developing further a specifically defence identity. Mr Wörner described the nine-member Western European Union (WEU) as an "apt" vehicle for this, on two conditions: WEU must remain open to accepting other European members of Nato, and open to working with the Nato framework in

However, the Nato secretary general explicitly rejected recent suggestions in the US that the West attempt to regulate the pace of change in East-ern Europe.

Diplomats

in Namibia

SENIOR United Nations officials yesterday made their first visit to the battleground

in northern Namibia for talks with South African field com-

manders as diplomats in Afri-

can and other capitals sought to reach a UN-monitored cease-

More than 180 people have died in the past four days in fighting across northern Nami-

hia hetween South African security forces and guerrillas of the South West Africa Peo-

ple's Organisation (Swapo).

Pretoria has signalled its willingness to halt its search

and destroy operations along a 180-mile stretch of the Ango-

ian border zone provided that Swapo agrees that its members

still in northern Namibia should lay down their arms

and be repatriated to UN-moni-

and he repatriated to UN-moni-tored camps in Angola.

Mr Sam Nujoma, the Swapo leader, speaking in Harare yes-terday again denied that his forces had moved sonth across the horder from Angola in

deflance of the internationally

agreed peace plan for Namibia The Swapo leader is under

stood to be insisting that his

units be confined to camps inside Namibia monitored by

the UN Transition Assistance

Group (Untag). Mr Martti Ahtisaari, UN spe-

cial representative, and Gen-eral Prem Chand, head of the

13-nation Untag force, reviewed the situation on the

ground in northern Namibia

with South African officials, including Mr Louis Pienaar, Pretoria's Administrator Gen-eral and senior members of the

South African Defence Force. The diplomatic effort moves into higher gear tomorrow when British Prime Minister

Mrs Margaret Thatcher, who was in Namihia when fighting

broke out on the first day of the UN-supervised Namibian

independence process ou April 1, holds talks in London with Soviet President Mikhail Gorb-

The Soviet Union currently chairs the UN Security Council, which on Monday acknowl-

fire in the territory.

By Anthony Robinson

in Windhoek

seek UN

ceasefire

All that glisters is not gold

THE LEX COLUMN

If Consolidated Gold Fields promised the same ingenuity in running its businesses as in fighting its corner, it might deserve a second chance to prove itself. Given that Minorco already holds close to 30 per cent of its equity, Gold Fields is in the tricky position of having to prove that its shares will not collapse if Minorco walks away, while avoiding being bought on the cheap. So far, it is doing rather a good job. But there is just a a good job. But there is just a slight worry that the management may be getting rather carried away with its own pro-paganda, and has now set its heart on maintaining indepen-dence at all costs.

There are no surprises in the proposed 25 per cent dividend increase or the 90p earnings per share forecast. But what transforms an otherwise pedes-trian defence document is the thinly disguised 3-year forecast of 20 per cent annual growth in earnings per share. If this is not met, Gold Fields will start breaking up the company, pre-sumably in much the same way as Minorco now plans.

It would have been prefera-ble if Gold Fields had pegged its growth target to dividends rather than earnings, and had issued the special preferred shares now. But it is a measure of the pressure that Gold Fields is now under that it feels it has to make this sort of commitment covering a period which is likely to include some kind of recession.

Whatever Gold Fields may say, this last ploy is little more than a bargaining counter. It has helped underpin the shares near current levels, but there is no overwhelming reason why shareholders should turn down an offer from Minorco of down an offer from Minorco of £15 plus, say, for the sake of a possible £6 dividend at some future stage. An exit multiple of 14 times next year's earn-ings is not generous, but then Gold Fields is not RTZ.

Currencies It has been a good couple of days for the authorities in the currency markets. Never mind the reports that every analyst in the City is hearlsh about the ound; Lawson has said that interest rates will go up if the Government simply will not let the pound fall was nicely com-plemented by yesterday's news of a \$1.2hn fall in offical

Consolidated Gold

buts that go with all reserve numbers, it seems the Bank is intervening much more beavily than anyone had bar-

Meanwhile the dollar has been responding equally ohlig-ingly to the tales ministers have brought home from G7. While the joint statement was bland enough, individual members have been describing the dangers of a high dollar instronger language, which can only add to the warning contained in Monday's intervention by the Bank of Japan. However these are easy mar-However these are easy mar-kets in which to frighten speculators. It has been generally decided that Friday's employment numbers will sort out the Fed's dilemma over whether to concentrate on the dollar or on inflation, and until then it not surprising to find the foreign exchanges easily led.

Lonrho:

Regardless of what the public now knows or guesses about the House of Fraser report, there is an aspect of the affair which has been around since long before the report surfaced, Lourho has always alleged that the money used to buy House of Fraser was not the Fayeds' own. The Fayeds, while consistently denying this, have also argued that the financial transactions of private citizens ere their own affair. The cheque did not bounce, so what does it mat-

The answer falls into two parts. It seems deducible that at the time HoF was taken over, the UK anthorities market misbehaves, and for regarded gearing as relevant to conce the market has chosen to competition policy. The first listen. The message that the bid to be referred on grounds of leverage-was Elders' for Allied Lyons, just nine months after the Fayeds bought HoF. It of a \$1.2hn fall in offical seems equally deducible that reserves in March. Even allowing for all the usual ifs and were using their own money

was material to the decision not to refer.

The second point relates to beneficial ownership. If, in such a transaction, the funds used belonged to someone else, it might not be clear at the point of completion who had ittle to the assets being bought: or, if the funds were a loan attached to assets, who would have title in the event of default. The identity of any such third party could obviously be relevant in competition terms; one imagines the uproar, for instance, if someone else had acted as a front for the KIO in building up its stake in BP. stake in BP.

on the other hand, it seems clear that whatever the DTf report contains, its publication could not in itself affect the ownership of House of Fraser. The only hody which could order divestment appears to be the Monopolies Commission; and Lord Young's decision last November not to refer the deal to the MMC was taken in full knowledge of the report's findings. But if wrongdoing is in fact proven, no doubt Lonrho and its advisers will be hustly considering any remedies open to them under the law.

CGE/GEC

The various bits of the CGE empire have an irritating habit of fading into one another. But for simplicity's sake, yester-day's deal between GEC and CGEE-Alsthom can be treated separately from the joint ven-ture with Alsthom, the latter's sound-alike sibling, completed only days ago. With the help of over £1bn in sales from its new partner. GEC's antomation business will have a chance to achieve critical mass, while the two together should have scope for significant rationalisation. And it is hard to quarrel with terms which involve GEC contributing around a tenth of the sales of the new company in return for very nearly a quarter of its equity.

But if GEC's shareholders find it difficult to keep the various French partners straight in their minds, CGE itself seems out to clarify its imperial image by absorbing both Alsthom and Financière Alcatel. That should ensure that when one or the other clinches a big deal, it is the CGE share price which benefits rather than those of the quoted sub-sidiaries. With CGE on a scarcely warranted 10 per cent discount to the French market, that cannot be bad for ita shareholders. ·

P. Wate

Soviet scientist free to travel to the West

By Our Foreign, Diplomatic and Political Staff in Havana and London

WHILE Soviet leader Mikhail Gorbachev last night prepared to sign an historic co-operation treaty with Cuba before leaving for an official visit to Britain, his Government made a significant goodwill gesture by announcing that a Soviet scientist would be allowed to travel to the West for urgent medical treatment.

The decision to allow Mr

Georgi Samoilovich, 67, who is reported to have lymph cancer. to leave his country temporar-ily after persistent British representations was described in Loodon as "a considerable achievement in Anglo-Soviet Mr Samoilovich, who has

been offered free medical treatment in London and the US, had not been allowed to leave the Soviet Union earlier hecause the Government is aimed at delineating the claimed that he had state strategic relationship between secrets gleaned when employed the Soviet Union and Cuha also scheduled to address the 14; Editorial comment, Page 20

MEMBER of the official Soviet delegation visiting Britain in advance of Mr Mikhail Gorbachev's arrival tonight said that a "small" leak of radioactive gas into the atmosphere occurred during an underground nuclear test in Semipalatinsk, Kazakhstan, on February 12, writes James Blitz in London.

Mr Olzhas Sulemeinov, Chairman of the Union of Writers in Kazakhstan, said he

hy the Defence Ministry. His is one of several human rights cases due to be raised by Mrs Margaret Thatcher during the Soviet leader's visit.

Meanwhile, the 2530 Friend-ship and Economic Co-opera-tion Treaty, to be signed with Cuban President Fidel Castro,

had helped found an anti-nuclear pressure group after the Mr Sulemeinov claims the

group, called "Nevada" (after the American desert in which similar nuclear tests are conducted), has forced the Soviet anthorities to stop two further tests. He hopes to encourage activists in the Nevada desert to set up a twin group. "I hope they will call it Semipala-tinsk," he says.

well into the next century.

The treaty is expected further to strengthen economic and trade links between the two countries and to lay the hasis for co-ordination on major foreign policy issues.

This will be particularly important in relation to Latin America.

Cuban National Assembly last night amid considerable specu-lation that he might use the occasion to make an important announcement on Cuba's esti-mated \$10bn debt to the Soviet

The Soviet leader said at the UN General Assembly last December that the USSR was prepared to write-off or declare a moratorium on the debt that

a moratorium on the debt that the underdeveloped countries had with the Soviet Union.

Cuban human rights activists calling for Soviet-style reform of the Cuban political and economic system was arrested yesterday soon before the scheduled signing of the treaty.

A Cnhan Government spokesman said that the activ-ists were detained "for engag-ing in Hegal activities."

French SE publishes new takeover code

By George Graham in Paris

THE FRENCH stock exchange council has published details of proposed changes to its takeover code, which would force an investor to make an out-right bid once more than a third of the capital of a listed company has been sequired.

The new rules are subject to the approval of the Finance Minister, acting on the advice

of the Commission des Operations de Bourse (COB), the French stock market regulatory authority, and of the Banque de France. They are expected, however,

later this month.
Some members of parliament have argued that the obliga-tion to hid should be included

calls for a hid whenever an investor acquires more than one third of the capital or voting rights of a quoted com-All future takeover hids will

in the legislation.

two thirds of the capital of a company, so if the investor already holds one third he will to come hefore Parliament have to offer for all the out-when legislation extending the standing shares. Partial bids

powers of the COB is discussed are permitted at present.

A takeover bid will require

The stock exchange council

be required to aim for at least

three separate announcer under the new code:

• the announcement of an

offer, giving the main outlines of the bid; the bill,
 the acceptance of the offer,
 within five days of its announcement, by the stock exchange council;
 and the opening of the offer,

once the COB has given its Dealings in the shares of the target company would be suspended on the first announcement, and reopened within 48 hours of the stock

exchange council's acceptance The code will preserve the price support mechanism currently used in the stock market when a controlling stake changes bands.

Some bankers had favoured the suppression of this mecha-nism, which requires the new owner to buy in the open market at the price paid for the controlling stake, in favour of the outright bid.

New rules are also detailed permitting or obliging an investor to buy out minority shareholders when it controls pany's capital.

Lockheed to shed group Continued from Page 1 about 17 per cent of Lock-heed's stock, while current shares declined on Wall Street yesterday mornign following shareholders would suffer no dilntion, the company said. these annoncements, while Paccar and Phelps Dodge rose

Now, ahout 80 per cent of Lockheed's shares are owned marked down by 81% to \$48% yesterday morning. The fall reflected the market's probably justified scepticism that a hy investment institutions. Mr Simmons, a Dallas-based billionaire who has described himself in the past as a "corpo-rate raider" said that he had "no plans or desires to disrupt Lockheed's management", but hostile takeover of Lockheed would ever he attempted, much less that such a hid did not comment on yester-

might succeed.
Lockheed – having been day's actions. After disclosing his stake in rescued from near-bankruptcy in 1971 hy an unprecedented Federal government bailont, Lockheed. Mr Simmons said that his holding company. Valhi Inc, had intended to huy stretgic stakes in three other and having abandoned its unprofitable civilian aircraft comanies he considered undervalued - Chrysler, Paccar, a heavy truck manufacturer, and Phelps Dodge, e copper US Defence Department. Last year, 86 per cent of its \$10.6bn Lockheed and Chrysler US government

WARIN WEATHER

CGE, GEC to join units

Continued from Page 1

vehicles controls about 60 per cent of the telecommunications In the case of Aisthorn, CGE

is proposing seven CGE shares for five Alsthom shares to merge the heavy engineering group into CGE. The CGEE-Alsthom snbsidiary will remain separate but will be 75.5 per cent controlled by CGE and 24.5 per cent held by GEC after the two compa-nies complete their promosed

new association. The share swaps will increase by about a third the total number of CGE shares. But Mr Suard claimed that per share earnings would continue to rise this year despite the heavy dilution. CGE currently has about 75m shares outstand-

ing. The group controls 62.2 per cent of Financière Alcatel

and around 66 per cent of Alsthom. Paris and London stockhro-

kers expressed some concern last night over the proposed Financière Alcatel share Financière Alcatel share exchange. They argued that it did not appear very favourable to minority shareholders because CGE seemed to value the Alcatel NV holding held by Financière Alcatel at substantially less than what it paid ITT last December for a block of 843 000 Alcatel NV shares of 843,000 Alcatel NV shares.

Reporting higher consolidated profits excluding minority interests of FFr2.2bn last year compared with FFrl.8bn the year before, Mr Suard also announced a 20 per cent increase in CGE's net dividend

edged Swapo's illegal incur-sion but denied any 'hostile intent" on the part of the armed guerrillas.

Mrs Thatcher yesterday blamed the breakdown of the ceasefire squarely on Swapo. She said a report by Mr Javier Pérez de Cuéliar, the UN Secretary Conerol Emercifically con-

tary General "specifically con-firms that there had been a payout. Financière Alcatel reported a large scale incursion from Angola to Namibia by armed

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Alaska pays a high price for oil

net profits.

Continued from Page 1 faces a legal nightmare.

The company finished pumping crude oil from the crippled tanker yesterday, 11 days after the Good Friday wreck that caused the worst oil spill in US history. Exxon plans to refloat the tanker today off the Bligh

reef where it rests. The company has been bit-terly criticised for the chaotic days of the clean-up by Alaska state authorities under Mr Steve Cowper, the governor, who are themselves under pressure from a furious Alas-kan public. Oil company offi-

damage in a state which has the largest unexploited oil reserves in the US.

One of Valdez's leading citizens said: "They've got to put on a show while the media is still here. Then, when the tanker is floated off and the reporters leave, they'll slow down." But Mr Frank Iarossi, president of Exxon's shipping division, said: "We intend to leave Prince William Sound as close to the way it was before the tragedy. We are going to be polishing rocks."

By yesterday, there were signs that the clean-up involv-ing Exxon, contractors, the Cordova fleet and a babel of government agencies, was becoming better organised.

As the main slick drifts south and west, Exxon is throwing its major effort behind attempts to protect a valuable hatchery full of hundreds of salmon fry at Sawmill Bay near the mouth of the sound. Fishing boats had laid rings of containment booms across the entrance to the bay



FINANCIAL TIMES COMPANIES & MARKETS

Wednesday April 5 1989



INSIDE

Buying a ticket for the Orient express



digested Celanese, a \$2.85bn purchase in the US. Now Hoechst of West Germany, the world's biggest chemicals group, is casting covetous eyes at south-east Asia as it plans the next expansion of its

fibre interests. It has not decided whether this growth will be by acquisition, joint venture or start-up. But an announce-ment is likely within a few months. Page 24

WH Smith seeks rest of Molinare WH Smith, the UK retail and distribution group, is considering making an offer for the 49 per cent it does not already own in Molinare. Visions, the film and video production com-pany. Ray Bashford reports. Page 30

Law and order in US markets



Several regulatory proposals recently published by the US Securities and Exchange Commission should, if adopted, ease deal-Ings between non -US securities firms end US investors. At: the same time, how-

enacted insider trading legislation could expose foreign companies whose securities. are traded in the US, as well as foreign securi-ties firms dealing in securities traded in the US, to significantly greater fiability. Page 29

Out of the frying pan . . .

Tensions have been running high in the worldedible oils market in recent years, as the pres-sures of stiff competition have become increas-ingly overlaid with political problems. So when trade representatives met in Portugal last week the distortion of markets by production subsidies end trade discrimination was the subject of some fairly-heated exchanges, as David Blackwell reports: Page 34

Viennese waltz to an investment quick step



The sun shone in the Tyrol and enthusiasm ran rampant in the little Austrian bourse last month. What developed was a classic imbalarica of demand and supply, with too many investors obselog too little stock, and while the big battitions of

the stock market mances, Austria jumped by a speciacular 13.8 per cent, Writes Hillary de Boerr. Page 46

Market Statistics

FT-A world indices Financial futures. Forsign exchanges

AC Holdings

London share service. London traded options. Lordon tradit. options New int. bond issues World commodity prices World-stock mkt indices

33 LTCB 24 Ldn & Strathclyde 30 MB Group

Companies in this section

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Alexandra Workwear
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Gold Fields fights bid with 'performance pledge'

CONSOLIDATED Gold Fields, the UK diversified mining group, yesterday produced what it called "a unique performance pledge" as it fired the last financial broadside in its battle to fight off the £3.2bn (\$5.4bn) hostile bid by Minorco, the South African-con-

trolled investment company.

In order to illustrate the longer-term potential of the group, Gold Fields — provided it is not taken over — will issue special preferred shares which guarantee that cumulative earnings per share will total 400p (before sales of operations) over the next three years, implying an average annual compound growth of over

If that target is not met the directors would "take whatever steps were necessary" to pay a special cash dividend of £6 gross per share, costing a total of £1.5bn. At the same time all future executive incentive arrangements for Gold Fields' central management would be tied to the achievement of the

Mr Rudolph Agnew, Gold Fields' chairman, claimed that the scheme was being used for the first time in UK corporate history – and possibly in the world. "It is a tough proposal that will make high-quality assets and competent, professional managers sweat even more

for the benefit of shareholders," he suggested.
Predictably, the scheme was dismissed by Minorco as "an elaborately constructed device" and "no more than an illusion."

Mr Roger Philimore, Minorco's commercial director, said: "It represents a desperate plea to shareholders to prolong the status quo for a further three years at shareholders." holders' risk.

"This proposal, which does not amount to any sort of guarantee, would not have been aired if the Gold Fields' board was confident that shareholders would consider its earnings target as credible."

performance pledge, although an imaginative idea with an attain-able target, added nothing to the value of the Gold Fields' shares. Neither were they surprised by the forecasts produced by Gold Fields yesterday. The company predicted its operating profit, before sales of operations, for 1988-89 would rise by at least 27 per cent to not less than 2335m and the dividend would be lifted by 25 per cent to 40p net a share.
Gold Fields' earnings per share before sales of operations were forecast to be not less than 90p,

Sir Michae! Edwardes. Minorco's chairman, said he was "disappointed tut not surprised"

to find that Gold Fields bad offered "little financial information of relevance to shareholders and certainly nothing to cause shareholders to re-rate their investment in the company." Analysts said that the market

reaction yesterday was revealing. The Gold Fields price eased up by 25p to £13.48, only slightly below tha value of the Minorco terms. But turnover was very low, with only about 580,000 shares changing hands.

"There are no sellers. People are hanging on because the mar-ket feels a higher offer is on the way." said Mr Huw Williams, an analyst with Kleinwort Benson

in line with other analysts, he suggested that any new offer would have to be above £15 a share and probably at least £15.50 to make any impact.
Minorco will told a board

meeting in Luxembourg on Friday to consider its position.

The company yesterday submitted further written evidence to the New York judge who has imposed an injunction which effectively stops Minorco buying any more Gold Fields shares and adding to its existing near-30 per cent stake. But there is no guarantee that the judge will deliver his verdict before the final clos-ing date of the offer on April 25. Lex, Page 22

A moving target that would be hard to hit

Anatole Kaletsky looks at Lockheed's restructuring

"For years Lockheed stock has been Wall Street's hemline story up and down for no particular reason, and it looks like it will continue to provide grist for the rumour mills for some time to

This was how Mr Wolfgang Demisch, eerospace analyst at URS Securities, characterised the restructuring announced yesterday by the sixth-largest US efence contractor. Lockbeed's new plans were

announced less than 24 hours after the disclosure that Mr Harold Simmons, one of America's leading corporate raiders, had acquired 5.6 per cent of its stock. But, for once, Wall Street seemed to accept the company's story; that its proposals to sell businesses, reorganise divisions and start an employee stock ownership programme were reasonable strategic decisions, and not just panic reactions to a possible take-

panic reactions to a possible takeover threat.

Indeed, Well Street, in its typically paradoxical fashion, gave
Lockheed's management a backhanded compliment by marking
down the company's share price
by \$2 to \$47% by the close yesterday. The fall in the shares
reflected the market's probably
untified according that a hostile justified scepticism that a hostile takeover of Lockheed would ever be attempted, much less that such a bid might succeed.

bankruptcy in 1971 by an unprecedented Federal government bail-out, and having abandoned its unprofitable civilian aircraft business in the early 1900s — is now virtually an arm of the US Defence Department Last year, 86 per cent of its \$10.6bm sales revenues came from the US Government, with another 6 per cent from foreign governments.

Even the 8 per cent of revenues notched up last year from the private sector will probably decline in future, after the sale of the Information Systems Divi-

the Information Systems Division, which was the most impor-tant single proposal Lockheed announced yesterday.

What these statistics indicate is that the Pentagon, as the com-pany's dominant customer, would be in a position to insist on a decisive say in any change of comparate control even if no of corporate control, even if no legal mechanisms existed to block a possible takeover in the courts. As the Pentagon recently told a Congressional hearing: "Lockheed is a critical company". Even if contracts had already been signed, apparently assuring a significant part of its future usiness, the Government "could block the transfer of black (or classified) programmes to another owner" of which it did

not approve. Given that "black" or secret programmes, which cannot be described by the company or even mentioned in the Penta-gon's own budgets, may account for as much as 40 per cent of Lockheed's total sales, that kind of threat alone would probably be sufficient to deter any conven-tional hostile bid for Lockheed. though not perhaps a greenmailoriented corporate raid.

Why then does Wall Street con-The fact is that Lockheed - timue to thrive on rumours of a having been rescued from near possible Lockheed takeover? And why did Mr Simmons, e man not known either for his patience or for his interest in small minority investments, spend \$150m acquiring his strategic stake?
The most obvious reason is the

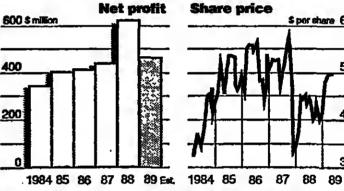
bope that Lockheed might be taken over for anything up to \$70 a share in an agreed merger with another US high-technology firm. Boeing and Ford head the list of However, it may simply be that Lockheed has been under-valued by the market.

Even after the 25 per cent decline in per-share earnings which Mr Daniel Tellep, the company's chairman, forecast yesterday, the company's price-earn-ings ratio would come to less than nine. This is a significant discount on the 10-plus p/e of other defence aerospace firms such as Northrop and Grumm to say nothing of the p/e of 12 enjoyed by Boeing, the glamour stock of the aerospace industry because of its reliance on civilian, rather than military, work. Lockheed's under-performance can be explained in part by wide-ly-publicised concerns about its future workload, with the end of the C-5B military air transport programme this year. The C-5B, which was the single biggest military procurement in US history, contributed \$1.9bn to Lockheed' sales in 1987 and \$1bn in 1988. The orders ended this year with a

mere dribble of \$100m. Lockheed's main hopes for replacing the C5B orders have seemingly rested with the Advanced Tactical Fighter (ATF), a high-technology aircraft with projected sales of \$45bn - or even \$85bn - if the US Navy as well as the Air Force decided to make it the mainstay of its However, the risks in the ATF

are legion. Not only is Lockheed's design still theoretically in competition with another version being developed by a consortium led by McDonnell Douglas, but there is great uncertainty about the future of the whole programme in the current atmosphere of budgetary stringency on Capitol Hill. These doubts have added to Lockheed's lowly





valuation in the stock market. What Mr Simmons and other boosters of the stock may have have decided, however, is that the ATF is not nearly as impor-tant to Lockheed's future as is

According to Mr Demisch of UBS, 1989 is likely to represent the low point in the company's ATF. Future profits are solidly supported, he believes, by the rapidly expanding Trident Two submarine launched nuclear missile programme, in which Lock-heed is the prime contractor.

Indeed, Lockheed, is now much more of e missile and space company than an aircraft maker. In 1988, space accounted for 36 per cent of revenues and missiles for 16 per cent. In future these shares seem likely to grow rap-

Meanwhile, in the aircraft business, Lockheed hopes to cash in on the boom in civilian orders and bedge its exposure to the military spending cycle, by becoming a major sub-contractor to Boeing and McDonnell Dougin in the shorter-term, share-

holders have other benefits to look forward to in the form of share repurchases funded by the sale of peripheral businesses, surplus land and other assets. Of course, nobody can predict wbether all these goodies will

actually cause the stockmarket to revalue Lockheed's fundamental businesses. But, sheltered as they are under the Pentagon's umbrel-las, Lockheed's management may at least have time on their side.

Pru gives top job to fund manager

By Nick Bunker in London

MR MICHAEL NEWMARCH, London's most powerful fund manager, is to be the next chief executive of Prudential Corpora-tion, a move which breaks with recent tradition at the group by putting an investment expert in the top post.

The Prudential, the UK's larg-

est life insurer and investment institution, said 50-year-old Mr Newmarch, currently head of Prudential Portfolio Managers (PPM), would take over from the present group chief executive,

Mr Brian Corby, next March. The announcement yesterday killed off speculation that was starting to mount in insurance circles about the succession to Mr Corby, an actuary who had been chief executive since 1982 and will be 60 next month,

The characteristically brief announcement from Prudential also named Mr Corby as the suc-cessor to Lord Hunt of Tanworth as group chairman. Lord Hunt is due to retire in May 1990.

Though Mr Corby was keen yesterday to prevent commenta tors reading anything into the choice of Mr Newmarch, the news was taken by some observers as a sign of the way Prudential has been expanding beyond its core business into fields such as estate agency and unit trusts. The logical thing is to see it as underlining the way the Pru has diversified in financial services. said Mr Roger Harvey, head of insurance research with Kleinwort Benson Securities.

Mr Newmarch, a staunch defender of shareholders' intermittent controversy over pre-emption rights, has spent his entire career in Prudential's investment side.

Speculation deepens over the future course of Blue Arrow

By Clay Harris in London

SPECULATION over the future course of Blue Arrow deepened yesterday whan Harris Associates, a Chicago based investment group, disclosed a 6.18 per cent stake in the UK-based employment agency hit management

ment agency nit management upheavals.

The holding is believed to be friendly to Mr Mitchell Fromstein, Blue Arrow's chief executive, since a January boardroom coup relieved Mr Tony Berry, chairman, of executive duties. Harris formerly had close ties with Manpower, Mr Fromstein's Milwaukee-based employment agency for which Blue Arrow paid \$1.8bn in 1987.

There has been consistent transatlantic buying of Blue Arrow shares recently and US

could be a prelude to Mr Fromstein eventually shifting the company's base to the US, and renaming it Manpower. The disclosure of Harris's stake

came one day after Blue Arrow's annual meeting at which directors came were questioned by shareholders led by Mr Michael Ashcroft, chairman of ADT, the international services group.

Mr Ashcroft's questions elicited the disclosure of a £25m loan

by Blue Arrow to an unnamed party which the company was now trying to recover. Lazard Brothers, Blue Arrow's financial adviser, yesterday declined to expand on the company's brief statement.

• Was it extended under the within the beard? • If there is a doubt about the recoverability of the loan, why did Mr Fromstein wait to be questioned by Mr Ashcroft before disclosing it to shareholders? Moreover, what factor changed to raise doubts about the loan in

the four weeks since the com-pany's audit committee, of which Mr Berry is not a member, approved the 1987-88 accounts without qualification or noting

the existence of the £25m.?

Mr Ashcroft and ADT together
own about 5 per cent of Blue
Arrow. An old friend of Mr Berry,
his questioning at Monday's meeting is believed to have been intended primarily to flush out whether the board had received

Berry regime or since Mr From-stein took over, and did the cir-cumstances of its disclosure give any chaes to continuing strains with yesterday's unchanged clos-ing price of 91%p. shareholders are believed to own about 30 per cent. It has been suggested that this Cardo to buy Skäne in agreed bid

By Robert Taylor in Stockholm

CARDO, the Swedish industrial holding company affiliated to the Volvo group, is to buy Skine-Gri-pen, the Swedish industrial conglomerate, in an agreed takeover bid worth SKr2.5bn (\$390m). Cardo said Skane had been advised in advance of the bid and had agreed to sell those parts of the company which Cardo did not want. This will leave Cardo to acquire about 65 per cent of

Skine in terms of present turn-

Among the subsidiaries that Cardo is buying from Skane are Poggenpohl, the West German company which is one of the world's leading producers of kitchen and bathroom equip-ment; Kahrs, which makes floors and walls; and Ravema and Michaelson, agents and distributors for machine tools. We have now achieved what

we have been striving for over several years," said Mr Lennart Nilsson, Cardo's chief executive

yesterday.
As a result of the deal Cardo's annual turnover will increase from SKr6bn to about SKr10bn. Activities not being acquired by Cardo include musical instrulighting and aerial pho-Trading in the companies was

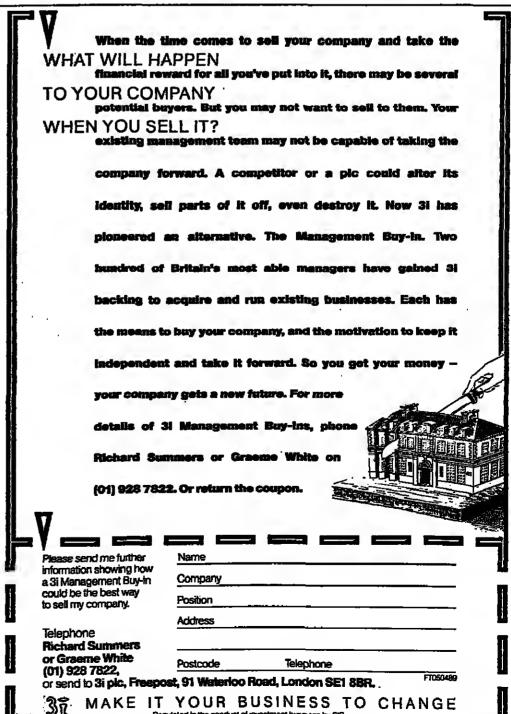
stopped last Friday but Mr Nilsson said the reason for the protracted negotiations was because of the technical details that had to be worked Cardo is an industrial and financial bolding company,

formed in 1987. Last year it had annual turnover of SKr6bn, of which 87 per cent was outside Its present activities include

Crawford Doors, a European maker of overhead doors for industrial use; Sab Nife, which produces brake equipment for locomotives and nickel-cadmium batteries for industrial use; Scan-Pump, which manufactures pumps for the paper and pulp industries; and Gambro, which makes kidney dialysis and inten-sive-care equipment.

Skane was founded 10 years ago by Kockum's shipyard share holders, who received SKr20m and some real estate in Malmo when the Swedish Government acquired the yard.

The agreement will be put to Skäne-Gripen's shareholders for their approval at a special meeting on April 25. Cardo already owned 7 per cent of the shares and controlled 15 per cent of the votes in Skäne-Gripen before the



INTERNATIONAL COMPANIES AND FINANCE

Lower gold price hits GFSA mines | Accor lifts

LOWER rand-denomineted gold prices charply reduced revenues and profits at the poorer mines managed by Gold fields of South Africa (GFSA), the local affiliate of the UK's Consolidated Gold Fields.

As capital expenditures exceeded taxed profits, four of the group's mines generated negative cash flows. But in Johannesburg yesterday Mr Alan Wright, a director of GFSA, said this was not a matter for concern as the group's policy was to retain profits to finance capital programmes during lean periods.
Unit working costs rose by 2.1 per cent to R126.58 (\$49.42) a

tonne milled but are expected to be pushed higher this quar-ter and next as midyear wage increases are awarded. White miners have already placed their claims with Chamber of Mines pegotiators and the allworkers (NUM) will start nego-

	GFSA	GOLD	QUART	ERLE	5		
	Gold pro		After-tax (Rin		Earnings per share (cents)		
	Mer 89	Dec 88	Mar 89	Dec 88	Mar 89	Dec 8	
Deelkraei	2.633	2,633	40.8	44.8	26.0	24.1	
Doormiontein	1.950	1,928	4.7	7.3	(3.2)	2.7	
Drie Cons	14.895	15.047	152.9	149.1	50.3	43.3	
Kloof	6,289	7,242	83.7	129.3	21.8	22.6	
Liberon	1.784	1,827	6.1	11.2	(0.7)	10.5	
Venterapost	1,560	1,451	2.7	4.9	(7.4)	(18.2)	
Viakiontein	267	287	(0.3)	0.7	(5.1)	3.2	

tiations next month.

The NUM has professed itself unimpressed by industry stateunimpressed by industry statements that large percentage increases cannot be paid while

gold prices remain weak.

Venterspost, which has embarked on an expansion programme beyond its eastern boundary, had been expected to announce a rights issue to raise finance. However, the issue has been deferred until

stock market conditions are more appropriate, Mr Wright

He added that the mine had sufficient cash to finance the expansion until July or August and that alternative means of raising capital were being examined.

Libanon, which is next door to Venterspost, was affected by a small gold recovery grade drop to 4.1 grains per tonne

(g/t). Vlakfontein, which repro-cesses old mine residue dumps and is establishing a small underground mine, operated at a loss during the quarter. Kloof, the highest grade pro-

ducer in the group, suffered a grade decline to 11.8 g/t which Mr Wright said was an unavoidable consequence of long wall mining methods. The neighbouring Driefon-tein Consolidated, which is the

GFSA has calculated tax according to a new formula announced in the March budget which led to an appreciable

group's largest mine, suffered a grade decline at its east sec-

get which led to an appreciante tax saving at Drie Cons.

The gold recovery grade was maintained at Deelkraal though Mr Wright has again warned it is likely to slip from its present 6.5 g/t in the near future and that an average of 6 g/t is more realistically to be expected.

KLM holds parcel talks with TNT

By Our Financial Staff

KLM Royal Dutch Airlines, the Dutch flag carrier, said yester-day it is in talks over the future of its XP Systems VOF express parcel delivery subsid-iary with TNT, the Australian

transport group.

KLM, 39.4 per cent owned by the state, declined to provide details. But it noted that there were a range of possibilities. These included partial or complete sale of the wholly-owned XP subsidiery, as well as turn-ing it into e joint venture or spinning it off as an independent operator. KLM said the situation would become clearer in about a week.

TNT has been expanding

aggressively its express parcel delivery operations over the past couple of years.

Such a strategy is in line with the evolution in Europe of the new breed of transport groups, which are developing the new so-called "logistics ser-vices" industry, in which big transport companies such as Nedlloyd of the Netherlands have been building integrated land, sea and air transport

Hoechst to expand fibre side

By Alice Rawsthorn in Frankfurt

company which is the world's biggest chemicals group, plans to expand its fibre interests

into south-east Asia.

Two years ago, Hoechst moved into the US fibres market by buying Celanese for \$2.85bn. The integration of Celanese is now completed. Dr Günter Metz, deputy chairman of Hoechst and head of its fibre division, said yesterday that division, said yesterday that the group is now considering ways of diversifying within fibres in south-east Asia.

Hoechst is already involved in a joint venture to build a \$50m cigarette tow plant in China, its first fibre production facility in south-east Asia. The plant should come on stream by the beginning of next year.

The group now plans to expand further within southeast Asia within the technical fibre field. Dr Metz said it had not yet decided whether to do so by acquisition, joint venture or start-up.

Hoechst is one of the world's biggest fibre producers with a

dominant position in the inter-

national polyester market. It is also a leading player in acrylic Fibres is the second biggest area of activity within Hoechst group. The fibre division made



Günter Metz: 'adaptation European acrylic market

sales of DM6.3bn (\$3.35bn) in 1988 — out of overall sales of DM41bn — an increase of 9 per cent over the previous year.

The level of profit from

fibres was static, however, chiefly because of a rapid rise in raw material prices which Hoechst was unable to pass on to its customers. Dr Metz said that fibre sales

had continued to increase so far in 1989; rising by an esti-mated 20 per cent in the first

In the last two years Hoechst has integrated its newly acquired US fibre operation with its established European husiness. This process has involved the disposal of two of its US fibre plants and the inte-gration of product development and research.

The group is now involved in an ambitious capital expendi-ture programme for fibre. in the last four years it has spent DM570m - or 6 per cent of sales - on its western European fibre

So far the emphasis of this expenditure has been on improving the efficiency of existing plant. In the future Hoechst intends to expand more aggressively, particularly in the more dynamic areas of

technical fibres.
It will invest DM50m over the next four years in the development of polymer optical

Conversely the group may have to reduce its presence in the ecrylic market, which has recently been depressed by a cyclical downturn in demand and increased competition from new plant in China, Dr Metz said there would be some "adaptation and adjustment" in the overall European acrylic

Saipem decides to operating omit dividend on net by 40%its common stock to FFr470m

By George Graham

ACCOR, the leading French ACCOR, the leading French hotel and restaurant group, boosted net operating profits last year by 40 per cent to FFr469.5m (\$73.9m), as sales climbed 12 per cent to

First 6.38 bn.
With a large jump in exceptional profits, from a series of asset sales, the group's total net earnings rose by 71 per cent to FFr570.8m. Net operating profits in 1989

Net operating profits in 1989 are expected to reach a minimum of FFr575m, with strong activity in the first quarter confirming this trend.

The group, which opened 97 new hotels last year taking its total portfolio to 773 hotels, greatly expanded its luncheon woucher hashness, in which it is model leader with its Tick its result leader with its Tick its Tick its result leader with its Tick its Tick its result leader with its Tick is world leader with its Ticket Restaurant business. Profits on vouchers, up by

nearly 15 per cent last year, come mainly from the treasury earnings, since the vouchers are prepaid.

The number of users of

Accor's vouchers increased 23.5 per cent to 616,000, while the number of vouchers issued

rose hy a third to \$77m in 12 countries.

Accor is headed by Mr Gérard Pélisson and Mr Paul Dubrule, France's most famous business double act.

The group operates hotel chains such as Novotel, Sofitel, Ibis and Formule 1, in addition to restaurant chains such es l'Arche and Churrasco, and collective catering services.

• The Prench Bourse said Mr Carlo De Benedetti's Cerus holding company has raised its share swap offer in the agreed merger with Dumenil-Leble, the French investment bank, Reuter reports from The bourse said the offer

now stood at 27 Cerus shares for every 10 shares in Dumenil, with no cash sle-The original offer consisted

of five Cerus shares plus 40 frames for every two Dumenil shares. Dumenil's small share-DKr589m holders, who control 53 per-cent of the bank, had rejected the earlier deal.

By Our Financial Staff

SAIPEM, the oil industry services unit of Halys state energy concern Ente Nazionale kirocarburi (ENI), lifted consolidated net profit by 5 per cent to I.8.3bn (\$6m) in 1988 from

to 18.30n (soin) in isse from 17.90n a year sariler.
Group sales rose to 11.412m from 11.2430n in 1987. Mr. Gianni Dell-Orto, chairman, said the board had decided to omit payment of a common stock dividend so that most of the prefix can be referented. the profits can be reinvested in

An unchanged dividend of L80 a share will be paid only to holders of savings shares. Last year, owners of common stock received a dividend of L50 a

Mr Dell-Orto said that 1988 was marked by low crude oil prices and persistent uncer-tainty in the oil market in general, which, in turn, influenced negatively the level of capital investments by all companies. This scenario was not likely to change much in 1989.

To protect itself against the highly cyclical nature of the oil industry. Salpem plans to diversify into other sectors,

particularly in the public infra-structure construction busi-ness, added Mr Dell-Orto Saipem was exploring differ-ent roads to diversification, including collaboration pacts, acquisitions and joint van-tures, also with foreign part-

The company was close to acquiring 55 per cent of Man-telli, a construction firm, Mr Dell'Orio said. An accord should be concluded in a taw-weeks. Mantelli, part of state industrial group Istituto per la Ricostruzione Industriale (IRI), has sanual turnover of arcund

has annual turnover of around L80hn.

• Rizzoli-Corriere Della Sera

Rizzoli-Corriere Della Sera (RCS), Italy's second largest publishing group, yesterday reported that its net profit rose 25 per cent to L52.1bh in 1938, from L41.7bh a year earlier.

Consolidated revenue rose 12 per cent to L1.480bh in 1988 from a year earlier, while cash flow improved 19 per cent to L121.9bh. The Milan-based publishing group is effectively controlled by the Agnelli family through the holding company Gemina.

Baltica steps up payout as net earnings surge

By Hillary Barnes in Copenhagen

BALTICA; the insurance and financial services group which financial services group which recently acquired a 9 per cent equity holding in Hambros Bank of the UK, reported an increase in net profits last year to DKr1A7bm (\$200.5m) from

However, DKr495m of the increase was explained by changed accounting principles. An increase in the dividend from 7 to 8 per cent was pro-

The operating profits of the insurance business increased from DKr334m to DKr515m and accounted for the bulk of group operating profits, which were up from DKr340m to

Group capital gains-increased from DKr167m to DKr416m, with unchanged accounting principles, and to DKr911m with the new princi-

ples, which affect the valuation of the securities portfolio, increasing it by DKr300m, and involve the deletion of the item for deferred tax, DKr195m.

Operating profits are expec-ted to improve further in 1989.

when the group will continue to assign higher priority to profitability than expansion; said the interim report. But capital gains in 1989 are likely to be lower than last year & Group

Group equity capital increased from DKr4.26bn to DKr6.17bn last year, and net profits represented a return on equity of 12 per cent, compared with 9 per cent in 1987. Earnings per share were up from DKr71 to DKr166.

Gross premium income was down slightly from PKr5.94bn to DKr5.26bn, the result of the divestment of the reassurance

the state the tengent for it because the eart and

J Lauritzen returns to profitability with \$43.5m

By Hilary Barnes

and the state of t

DENMARK'S J. Lauritzen shipping, shipputiding and manufacturing group, bounced back from a DENGAM operating back from a DRY64m operating loss in 1987 to make profits of DRY319m (\$43.5m) last year. Net earnings, including extraordinary income, increased from DRY38m to DRY609m, with shipping making DKY380m. Group turnover was down from DKY9.27bm to DKY9.17bm. Equity capital, excluding minority shares, increased from DKY663m to DKY1.47bm on assets which increased from DKY663m to DKY9.55bm. The parent company, Lauritzen

parent company, Lauritzen
Holding proposed passing the
dividend again this year.
Operating profits in 1989 are
expected to be at least as much

expected to be at least as much as in 1988, but not earnings will be lower, as extraordinary income will fall.

The J. Lauritzen Shipping Co operates one of the world's two biggest fleets of refrigerated cargo vessels, as well as bulk carriers and offshore drilling light. The results of the ship. rics. The results of the ship-ping operations this year are expected to be on a level with last year or better.

IN Holding in JP Morgan link

By Alan Friedman in Milan IN HOLDING, the Benetton family's financial services and

investment banking arm, said it had hired J.P. Morgan Investment Management as advisory agent for one of its international mutual funds. Morgan is to provide IN Holding with data on interna-tional equity markets, curren-cies and sector analysis for IN cies and sector analysis for IN Capital Equity, the mutual fund that is aiming to channel Italian investment to foreign stock markets. The equity fund deal follows a similar accord reached between IN Holding and County NatWest to help launch a bond fund.

The Benetton family financial arm, which is separate

cial arm, which is separate from the better known clothing company, now has around 500 selling agents in Italy.

This announcement appears as a matter of record only

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> BANCO DI NAPOLI Sezione di Credito Agrario

CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE (CARIPLO) Sezione di Credito Agrario

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BILLION FRENCH FRANCS *NET INCOME IN 1988*

The 1988 accounts of the BSN Group audited by the statutory and international accountants, were presented to the Board of Directors at the meeting of March 29.

The principal consolidated items for 1988, and comparable 1987 figures, are as follows:

(FF million)	1987	1988
Sales	37.156	42.177
Operating income	 3.296	4.490
Net income (excluding minority interests)	1.550	2.189
Operating cash flow	3,378	1,249
Capital investments	2,377	2.403
Shareholders' equity	 14,344	16,415

Consolidated net income for 1988 thus rose by 41.2% over the year-earlier figure.

Net income per share was FF 41.70 in 1988, compared with FF 34 in 1987 (both figures adjusted with the recent ten-for-one stock split), an increase of 22.7% over 1987.

The breakdown by Division of operating income (income before net interest expense and taxes) was as follows:

(FF million)	7. 7.	1987	1988
Dairy Products Grocery Products Biscuits		534 884 664	834 1,017
Beer Champagne, Mineral Water Containers		526 470 410	718 606 525 560
Total operating income of Divisions		3,488	4,260
Unallocated income		(192)	230
Group operating income	1	3,296	4.490

The Board of Directors also approved the accounts of BSN, parent company of the BSN Group, for 1988. The Board of Directors also approved the accounts of Board, purent company of the Board croup, for 1966.

Net income for the parent company was FF 403.8 million, compared with FF 447.8 million in 1987.

The Board of Directors resolved to propose to the General Shareholders' Meeting of May 30 the payment of a dividend of FF 10 per share for 1988, compared with a payment of FF 8.50 for 1987 (adjusted for the ten-for-one stock split). The total 1988 dividend, including the French tax credit, will, if approved, amount to FF 15. The total dividend payment will be FF 521 million, compared with FF 423.1 million for 1987.



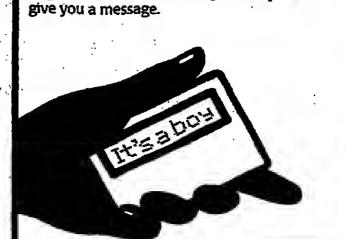
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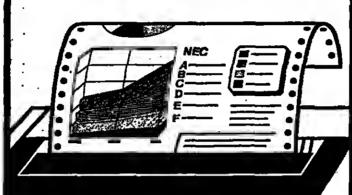
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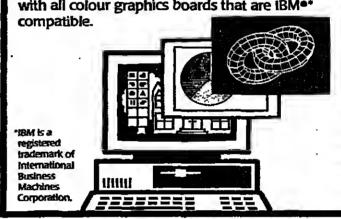
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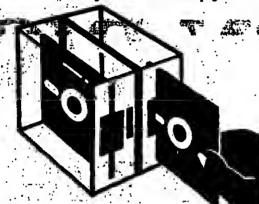
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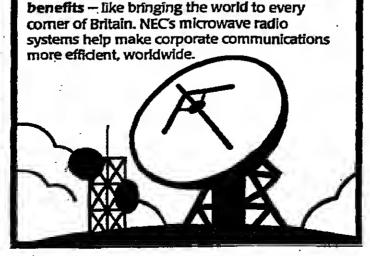
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ABROS BANK LIMITED hereby give notice that in accordance with the terms and conditions of the above loan, the re has been effected by the drawing of the underspectioned bonds amounting to £100,000 (nominal). The despitating bal-

£1,000

HAMBROS BANK LIMITED 5th April, 1989

BOSTON INTERNATIONAL POUTY VESTMENT FUND, SICAV 41, Boulevard Royal Luxembourg

Notice is hereby given that the extraor-dinary ganarai meeting of shareholders will be held at the regis-torod office 41. Boulevard Royal, Lucembourg on April 13, 1989 at 3 p.m. with the following agenda:

- Amendments of the stricles 1, 2, 5, 8, 9, 12, 16, 19, 20, 21, 22, 23, 24, 26 of the Articles of Incorporation of the Company in order to conform them to the law of March 30, 1995, more specifically to incert the investment policy and its restrictions such as authorized.

Article 3; The exclusive object of the Fund is to place the funds available to it in a diversified porticito of equity and equity related investments in companias registered outside the United States of America, throughout the world, with the purpose of spreading investment risk and attording its shareholders the results of the management of the Fund's porticilo. The Fund may take any measures and carry out any poerations which it may deem useful to the accomplianment and development of its purpose to the full entant permitted by the law of March 30, 1988, regarding collective breestment understakings.

Cancellation of article 17.

National Sank of Boston, Boston, Ma. U.S.A. and Mr. Kenneth S. RNSRAM, Vice President, The First National Bank of Boston, Boston, Ma., U.S.A.

The resolutions may be passed with a minimum quorum of they per cent of the locued chares by a majority of two thirds of the votes cast thereon at the

A charotoider entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such prisky need not be a share-holder of the Fund.

A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-tered office of the Company where a copy may be obtained.

By order of the Board of Directors.

BOSTON INCOME INVESTMENT FUND, SICAY 41, Boulevard Royal

R.C. LUXEMBOURG B 25258 Notice is hereby given that the extraor-dinary general meeting of shareholders will be held at the regis-tered office 41. Bivd. Royal, Luxemburg, on April 13, 1989 at 11 a.m. with the following agends:

- Amendments of the articles 1, 2, 8, 8, 9, 12, 18, 10, 20, 21, 22, 23, 24, 25 of the Articles of Incorporation of the Company in order to conform them to the law of Atarch 30, 1968, more specifically to insert the investment policy and its restrictions such as authorised by the said law.

- Amendment of article 3 to be read as

Article 3,- Object

The exclusive object of the Fund is to piace the funds available to it in transferable accurtiles of all types with the purpose of oprisading investment risk and affording less shereholders the results of the management of the Fund's portfolio. The Fund may take any measures and carry out any operations which it may deem useful to the accomplishment and development of its purpose to the full extent permitted by the law of 30th March, 1988, regarding collective investment under-

National Bank of Boston, Boston, Ma., USA and Mr. Kenneth S. INGRAM, Vice President, The First National Bank of Boston, Boston, Ma., U.S.A.,

The resolutions may be persed with a minimum quorum of lifty per cent of the leaved shares by a majority of two thirds of the votes cast thereon at the meetins.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on the behalf and such proxy need not be a share-holder of the Fund.

A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-tered office of the Company where a

By order of the Board of Directors.

BOSTON PACIFIC GROWTH INVESTMENT FUND, SICAV 41, Boulevard Royal Luxembourg R.C. Luxembourg 8 27-278

Notice is hereby given that the extraor-dinary general meaning of shareholders will be held at the regi-tored office 41. Soulevard Royal, Lumanbourg on April 13, 1939 at 6 p.m. with the tollowing agencies.

- Amendments of the articles 7, 2, 5, 8, 9, 12, 18. 19, 20, 21, 23, 26 of the Articles of incorporation of the Company in order to conform them to the law of March 30, 1988, more specifically to insert the investment policy and its restrictions such as authorised by the said law,

Artiole 3: The exclusive object of the Fund is to place the funds available to it in transferable accurities of companies registered outside the United States of Anserics, primarily throughout the Asia Facilia Region with the purpose of apreading investment ries, and attention its phareholders the bossett of the management of the Fund's portfolio. The Fund may take any measures and cerry out any operations which it may deem uterful to the accomplishment and development of its purpose to the full extent permitted by the law of March 30, 1988, reparding collective investment indestablings.

Appointment of two new inembers of the Board of Directors, Mr. Peter J. ROSB, Vice President. The First National Benk of Boston, Boston, Ma., U.S.A. and Mr. Kerneth B. (NGRAM, Vice President, The First National Bank of Boston, Boston, Ma., U.S.A. The resolutions may be passed with a minimum quorum of fifty per cont of the leaved shares by a majority of two shirts of the votes cast thorson at the

A sharoholder entitled to altend end vote at the meeting may appoint a proxy to shend and vote on his behalf and such proxy need not be a share-holder of the Fund.

A copy of the new version of the pro-posed articles of incorporation is svalighte for inspection at the regis-tered office of the Company where a

on revenues ahead to \$1.84bn from \$1.74bn. These figures exclude earnings from discontinued operations of \$5m, or 4 cents, against \$19m, or 12 cents last time. Earnings per share are

By order of the Board of Directors.

\$2.3bn NCNB takeover bid

C&S turns down

By Anatole Kaletsky in New York

The C&S rejection, which was not unexpected, left the door open to e possible higher bid from NCNB. But the tone of the C&S directors' comments suggested NCNB might have to take its proposals directly to the shareholders in a hostile offer.

Given the regulatory obsta-cles faced by bank takeovers e hostile bid would certainly be a costly and time-consuming pro-

cess.

Nevertheless, the possibility that e hostile bank takeover could ultimately be successful was demonstrated for the first was demonstrated for the list time last year when Bank of New York won its 18-month battle to buy Irving Bank against the wishes of its board. C&S emphasised four points

CITIZENS & Southern, the leading bank in Atlanta, has rejected e \$2.3hn takeover bid from NCNB, the rapidly expanding regional bank which would become the sixth largest banking institution in the US if its share-exchange proposal succeeded.

in its rejection of the NCNB proposal, which would have swapped each share of C&S into 1.075 shares of NCNB. First, the offer was inadequate from a financial standpoint. Significantly, it added that any offer of NCNB stock involves a substantial element. involves a substantial element of speculation because of the inherent uncertainties relating to NCNB's massive commit-

ment in Texas."

NCNB, which is based in Charlotte, North Carolina, last year acquired from federal reg-uletors the First Republic Bank of Dallas, the biggest bank in Texas.

Second, the C&S board said past performance suggested that the current management could do better than NCNB'e to generate value from the bank's assets. Thirdly, C&S could serve its customers and com-munities better as an indepen-dent bank, and finally, it warned that e merger would encounter "significant prob-lems of regulatory and public policy."

ting from its purchase of Revere Ware, which it acquired

in the third quarter of last year

larly strong in video-display bulbs, laboratory testing ser-vices and the optical fibre busi-

subject to stockholder approval

at its annual meeting on April

Mr James Houghton, Corning's board chairman, said:
"Our commitment to glass-

remains undiminished. The

new name acknowledges the transformation of the company

beyond its historic base in glass.

Corning Glass lifts net profits by 12%

By Karen Zagor in New York

CORNING GLASS Works, a leading producer of ceramic and glass products for fibre optics, catalytic converters and other epplications, lifted net profits for the three months to March 26 by 12 per cent as sales edvanced across the

Net profits rose to \$41.1m or 46 cents a share, against \$36.8m or 41 cents in the previous year. Revenues jumped 18 per cent to \$533.5m from \$453.3m e year earlier. A tax-loss carryforward of \$700,000 brought final net earn-

ings for this year's first quarter to \$41.8m or 47 cents a share. The figures for 1988 do not reflect extraordinary charges in the form of an accounting change to cover medical benefits for retired Corning employees. With the charge, there was a loss of \$83.9m or 46.8 cents a

Corning is already benefit-

By Our Financial Staff

CSX, the US transport group, saw a sharp rise in net income

in the first quarter. The com-pany which has been undertak-ing a major restructuring lifted

earnings from continuing operations to \$77m or 70 cents e share from \$46m or 28 cents

CSX advances to \$77m

based on average shares out-standing of \$105.5m, compared

with \$155.6m.
The group said that for the second consecutive quarter, operating income of the three major transport units - rail, container shipping and barge - increased over the year-ago period.

In Decembar, CSX announced it was selling its natural gas pipelines for a total of \$646m to Transco Energy of Houston.

protection side boosts Tyco Labs

INTERNATIONAL COMPANIES AND FINANCE

By Karen Zegor in New York

TYCO LABORATORIES, the diversified manufacturer of products ranging from fire protection/flow control systems to electrical and electronic components and packaging materials, yesterday reported strong third quarter earnings.

earnings.

Net profits for the period ending February 28 were \$22m or 54 cents a share up from \$17.2m or 46 cents a year ago. Revenues went ahead to \$494.1m from \$462.5m.

For the nine month period, net profits rose to \$66.2m or \$1.65 a share on sales which improved to \$1.43bm from \$1.12bm the previous year.

The New Hampshire-based company said that third quarter profits from Grinnell, its fire protection/flow control segment, were almost double those in 1988. Performance was particularly strong at

was particularly strong at Grinnell's fire protection operations.

Tyeo's packaging materials group also saw improved sales and earnings. Ludlow, the packaging materials company acquired in 1981, increased profits by 35 per cent over the

previous year.
The company's greatest weakness is in its printed cir-

cult group where sales for the quarter were lower than in 1988. Tyco said margins at the group increased despite declining sales.

• AMCA International, the

Canadian industrial group, is Last week Fruehauf sold its to buy the assets of Tyco's loss-making truck trailer diviand which contributed 4 per cent to total first-quarter sales. The company said that while first-quarter sales improved generally, they were particureports. The purchase price was not disclosed. TCI will become part of AMCA's food processing and packaging equipment segment. riess and the optical interesting.

All were helped by exports to Europe.

The 138-year old company with headquarters in Corning, New York, plans to change its name to Corning Incorporated,

Avery plans to dispose of Uniroyal Chemical

By Karen Zagor in New York

AVERY, the former US cost company, plans to self its Unit royal Chemical unit for 2000m, including the assumption of group led by Uniroyal Chemical management. Drexel Burnham Lambert

will act as the exclusive finan-

will act as the exclusive financial adviser to the purchaser and will arrange financing.

The sale, expected to be completed by the end of August, will leave Avery with about \$22.5m in cash with no outstanding debt and no other material assets or liabilities.

According to Avery, since its acquisition of Univoyal Chemical in 1986 for \$710m, the chemical business has represented essentially all of Avery's consolidated operations.

However, Avery was unable However, Avery was unable to turn Universal into a significant power in the world specialty chemical industry and the possibility of selling the unit has been discussed for

more than a year.

The deal requires approval by Avery's board and stockholders and the obtaining of certain commitments from its

bondholders.

It also needs Hart-Scott-Rodino clearance and other regulatory approvals. In addition
the purchaser must still obtain
fluancing.

Wickes to sell furniture unit

WICKES COMPANIES, the US diversified retailing and man-ufacturing company, is to sell its furniture division to a

mangement group for \$155m, APDI reports.

The group is led by Mr John Klein, president and chief executive of Wickes Furniture. other members of the divi-sion's management, and cer-tain affiliates of Kelso & Co. Part of the financing will be provided by First Boston.

provided by First Beston.
Wickes Furniture has 23
showrooms and its revenues
for the year to January 28,
1989, were about \$215m.
WCI Holding, owned by
Blackstone Capital Partners
and Wasserstein Perella Partners, owns about 80 per cent of
Wickes' common stock.

Chinese bank stake for ADB

THE ASIAN Development Bank (ADB), Long-Term Credit Bank of Japan and First Inter-state Bank of Hawaii have agreed to acquire minority stakes in Xiamen International Bank, China's only joint venture bank, AP-DJ reports from Hong Kong. Xiamen International said

the ADB and the Japanese bank would each acquire 10 per cent while First Interstate would own 5 per cent.

Strong fire | CNW puts Italian assets up for sale

By Robert Globens in Montreal

CANADA Northwest Energy, a medium-sized western Canada producer, is putting its italian oil and gas properties up for sale to reduce its debt burden. The assets are estimated to be worth more than C\$200m (INSLERM)

(US\$168m).
CNW, controlled by Transafta, Calgary, owns 20 per cent of the Vega field off the south coast of Sicily, Italy's largest oil producer, natural gas reserves totalling 30bm cm ft and 250,000 acres of exploration lands. The package includes CNW's share of Vega's under-

loped of reserves. CNW said the auction is CNW said the auction is designed not only to reduce debts totalling C\$182m at last report, but also to position the company to hid for upstream assets being shuffled in western Canada following the takeover of Texaco Canada by Imperial Oil, and other merg-

So far only half the Vega field which has been dogged by production problems has been developed. CNW, by selling out

Mr Denis Mote, oil analyst with Maison Placement, Toronto, estimated the Ralian assets were worth between C\$200m and C\$250m. Westar Group, Vancouver, is putting all its oil and gas assets in Alberta, Saskatche-wan, and British Columbia, up-for sale. They are estimated to

be worth more than C\$100m. Sumcor is negotiating with several companies to sell part of its oil sands plant in Alberta, though it will probably keep majority control. Plans to raise output to 75,000 barrels daily et e cost of C\$200m were shelved last year because of low oil prices.

Sumcor wants to install a parallel production unit to bring total output to 125 bar-rels daily at a cost of C\$2bn.

Varity launches second assault on Fruehauf

equipment group that owns
Perkins Engines in Britain, has
made a further bid for Fruehauf Corporation of the US,
owner of the Kelsey-Hayes
truck parts manufacturing
group. It would not, however,

provide any details.

Last week Fruehauf sold its

VARITY Corporation, the farm sion to another US company for the equivalent of about US\$230m. Fruehauf's remaining principal asset is Kelsey-Hayes, e healthy and growing company, with plants in the US and Canada.

Varity's most recent offer for Fruehauf in February was val-ued at US\$850m, but it was rejected by the management.

**

TENDER NOTICE

UK GOVERNMENT **ECU TREASURY BILLS**

For tender on 11 April 1989

1. The Bank of England announces the issue by Her Majesty's Treesury of ECU 800 million nominal of UK Government ECU Treesury Bills, for tender on a bid-yield basis on Tuesday, 11 April 1989. An additional ECU 125 million nominal of Bills will be allotted directly to the Bank of England

2. The ECU 800 million of Bills to be Issued by tendar will be dated 13 April 1989 and will be in the following maturities:

ECU 300 million for maturity on 11 May 1989 ECU 300 million for maturity on 13 July 1989 ECU 200 million for maturity on 12 October 1989

-3. All tenders must be made on the printed dication forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 11 April 1989. Payment for Bills allotted will be due on Thursday, 13 April 1989.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tanders above this minimum must be in multiples of ECU 100,000

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 13 April 1989 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Pic, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE12HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject. any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, All tenders will be subject to the provisions of that Information Memorandum.

9. The ECU 125 million of Bills to be allotted directly to the Bank of England will be in the following

ECU 75 million for maturity on 13 July 1989 ECU 50 million for maturity on 12 October 1989

These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum in order to facilitate

10. Copies of the Information Memorandum may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as amended. Bank of England

4 April 1989

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SWIW OBD Tel: 01-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO Apr. 1719/1728 -11 | Apr. 2098/2108 -12 | Apr. 2308/2320 +4 | Jun. 1748/1757 -7 | Jun. 2133/2143 -7 | Jun. 2325/2337 +6

Prices taken at 5pm and change is from previous close at 9pm

Deutsche Bank

Aktiengesellschaft

(Incorporated in the Federal Republic of Germany with limited liability)

Frankfurt am Mein

We are convening our Ordinary General Meeting this year on Wednesday, May 10, 1989, 10.00 a.m. in the Alte Oper Frankfurt, Opernplatz, 6000 Frankfurt am Main.

Agenda:

1. Presentation of the established Annual Statement of Accounts and the Management Report for the 1988 financial year with tha Report of tha Supervisory 8oard Presentation of the Consolidated Statement of Accounts and the Report of the Group for the 1988 financiel yeer

2. Rasolution on the appropriation of profits 3. Ratification of the acts of management of the Board of Managing

4. Ratification of the acts of management of the Supervisory Board for the 1988 financial year

Directors for the 1988 financial year

5. Election of the auditor for the 1989 financial year

6. Election to the Supervisory Board 7. Extension of the authorization by the General Meeting on May 11, 1988 to issua bonds with stock warrants to include the authorization to issua participatory certificates ("Genussscheina"), to usa the conditional

capital, and to amand the Articles of Association 8. Consent to the conclusion of control and profit-transfer agreements

with subsidieries

9. Amendment of the Articles of Association Shareholdars entitled to participate in the General Meeting and to exarcise their nght to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary bank until the end of the General Meeting. Depositary banks ere those specified in the Sundesanzeiger of the Federal Republic of Germeny No.

61 of March 31, 1989. Dapositary benks in the United Kingdom are:

Deutsche Bank AG, London Branch, 8 Sishopsgate. London EC2P 2AT

Midland Bank plc, International Division, Securities Department, St. Magnus House, 5th Floor, 3 Lower Thames Street, London EC3R 6HA

Shares shall only be deemed deposited if they are lodged by May 2. 1989, at the letest, with either of the eforementioned depositary banks or with any other authorized depositaries in the United Kingdom. In the United Kingdom entrance cards or forms of proxy will be issued by the eforemantioned offices of Dautsche Bank AG or Midland Bank plc to whom application should be made. With regard to the exercise of voting rights we wish to draw your attention to § 18 (1) of our Articles of Association:

"The voting right of each share corresponds to its nominal amount. If a ehareholder owns shares in a totel nominal emount exceeding 5% of the share capital, his voting rights ere restricted to the number of votes carried by sheres with e total nominel amount of 5% of the share cepital. Shares hald for account of e shereholdar by a third person shall be added to the sheres owned by such shereholder. If an enterprise is e shereholder, the shares owned by it shall include any shares which are held by another antarprise controlling, controlled by or affiliated within a group with auch anterprise, or which are hald by a third parson for

account of such anterprises." The 5% of share capital mentionad in § 18 (1) at presant corresponds to a nominal amount of DM 95,731,815 = 1,914,636 shares of DM 50 par

Copies of the Annual Report as well as the complete wording of the Aganda will be available at the aforementioned banks on or about April

Frankfurt am Mein, March 1989

The Board of Managing Directors

INTERNATIONAL COMPANIES AND FINANCE

trend.

that the first quarter of the current year had reversed this

said both divisions showed

how businesses could be turned into profit-making

enterprises.

The group's expenditure on capital items, exploration and investment amounted to A\$696m in 1988, np from A\$515m the previous year, and Mr Gosper confirmed that capital smelling corn the part five.

tal spending over the next five years would average A\$600m a

He warned, however, that the group's returns meant it was still not generating enough cash to fund such a programme. As a result borrowings would have to increase, which would add to the interest bill.

"Improving the rates of

return from every business sec-tor remains, therefore, the principal challenge facing Shell Australia as we enter the 1990s," he said.

reduce the stake to 25 per cent. By 1993 it will be free to sell a

Shares in Sarich fell 8 cents yesterday to A\$1.50, valuing the holding at some A\$141.4m

final 15 per cent.

or sale Santos profits sharply hit by Peko Oil writedown

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LIRY BILLS

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SANTOS, the leading onshore year. The A\$440m Peko Oil Australian oil and gas producer, showed a deep erosion for Santos and took it into ducer, showed a deep erosion of its profitability last year, which it blamed on the appreciation of the local dollar as well as lower product prices for

Net profits from operations were cut by nearly a fifth to A\$100.1m (US\$82.6m) from A\$125.0m — and were almost entirely eliminated by a A\$97.9m extraordinary debit. Only A\$7.9m was charged in this way for 1987, leaving the bottom-line result down 98.1 per cent at a negligible A\$2.2m. The main extraordinary item

was a A\$81.9m writedown of its investment in Peko Oil, representing the excess over revalued net tangible assets for the acquisition, made during the

A LOWER corporate tax rate

and improved performances by the downstream oil, chemicals.

and metals divisions, have given Shell Australia record net profits of A\$281.1m

(US\$231.8m) for the year to

Figures released yesterday by the wholly-owned subsid-

iary of Royal Dutch/Shell showed an 81 per cent rise in profits over 1987, despite a 5 per cent fall in operating revenues to A\$3.180n as a result of leaver crude of professional and result of leaver crude of professions.

All business sectors made a

profit for the first time since since 1980. The biggest single factor behind the improve-

ment, however, was the cut in

the Australian corporate tax rate from 49 per cent to 39 per cent, which produced an extraordinary gain of A\$77m. As in 1987, the biggest opera-

THE WAY was cleared yesterday for an eventual

entry of new partners in Sarich

Technology, Mr Raiph Sarich's Perth-based company which has developed an orbital com-

By Gordon Cramb

tional contribution to profit Mr Kevan Gosper, chairman,

This follows a restructure of per cent stake in Sarich's the 17 year involvement of high expanded capital, ken Hill Proprietary (BHP). It has agreed to relate this: Australia biggest company to holding at \$1.25 or shares for at

Australia s biggest tempeny holding of \$4.25m shares for at Serich Technology, Bosted least a year, but can then

and the same is a second of the same of th

The Australian Industry Development

Corporation

(A statutory corporation, wholly owned and guaranteed by the

Commonwealth of Australia)

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, the Corporation will redeem on May 5, 1989 all of inconstanding 11½% Notes Due 1990 at the redemption price of 100% of the principal amount thereof, together with accrued interest from February 28, 1989 to May 5, 1989 (07 days). The value of each Note is US\$5,000 plus interest of US\$110.50 total US\$5,110.50. Payment will be made upon surrender of Notes together with all coupous manufing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Notes. On and after May 5, 1989 interest on the Notes will cease to accrue and unmatured coupous will become void.

Currently outstanding: US\$1,000,000.

U.S.\$100,000,000

11% PER CENT. NOTES DUE 1990

lower crude oil prices.

large-scale production offshore.
It brought the group's overall interest in the Timor Sea field to almost 20 per cent. The company said in Adelaide yes-terday that benefits would be falt-from 1990 as oil production from existing discoveries was

"The outlook for increasing oil production combined with continued cost control augurs well for the future," it said. For last year, meanwhile, sales fell 17.8 per cent to A\$436.1m and other income was also down at A\$68.6m com-

brought on stream.

pared with A\$76.6m. Average crude oil prices fell-by a third in Australian dollar terms in 1988, but Santos added

came from the downstream oil

business - at A\$121m it was 75 per cent up on the previous

Higher sales volumes over-came the impact of lower prices, intense competition and an industrial dispute, all of

which squeezed margins and reduced market share.

The metals business pro-duced its best-ever result, con-

tributing a A\$66.6m profit — up from A\$36.7m — on doubled sales of A\$160m.

first full-year contribution from the large Boddington gold mine and higher alumina prices for the output of the

Worsley project.
The chemicals division also

produced a record result, con-tributing A\$39m in profit against A\$14.4m in 1987, on

improved revenues of A\$243m.

BHP reshapes Sarich Technology role

on the local stock market in 1984, is to take full control of

Orbital Engine Company, pre-viously a joint venture with

BHP. In return for this and for an unwinding of loan arrange-

ments, BHP will receive a 35

CITIBANKO

These figures reflected the

By Chris Sherwell

Its natural gas business which accounted for about 40 per cent of 1988 sales partly offset the effect of lower liquids prices due to a 7.7 per cent price rise, Santos said. Also of help was a lower tax bill of A\$66.3m against A\$95.3m.

The company is paying a final dividend of 10 cents, fully franked for local tax purposes. maintaining the year's total payout at 19 cents. This was drawn from net earnings per share, before the extraordinary deductions, of 31 cents against 41.3 cents. Issued equity has also grown over the year to 399.7m shares from 270.2m.

Shell Australia leaps to record

and the Papua New Guinea Government (20 per cent), declared no dividend after reporting a net profit of 20.7m kina (US\$24.6m), down from 77m kina.

This was despite a rise in sales revenue to 331.5m kina from 297m kina.

The year'a production amounted to 196,360 tonnes of concentrate containing 52,680 tonnes of copper and 381,360 oz of gold, and a further 198,770 oz of gold in bullion.

The mine is located atop Mt Fubilan in the forest-clad Star

Copper concentrate from treatment facilities near the summit is sent by a 135km shurry pipeline to a port high up the Fly River, where it is dried and barged a further

Mr Dick Carter, managing director of Ok Tedi, said yes-terday the profit was "satisfacterday the profit was "satisfactory" given the circumstances of 1988, when the mine was halted first by a strike and then by a mob rampage in the local mining town Tabubil.

He said industrial relations had now stabilised, and that the company would be a reliable long-term supplier of premium copper concentrate—its major product following the end of its gold bullion operation last September.

Ok. Tedi started production in 1984 and is Papua New

in 1984 and is Papua New Guinea's second major mining project — the first, CRA's Bougainville Copper on Bougainville Island, began

The mine is expected to reach its ultimate average pro-cessing rate of 70,000 tonnes of ore per day shortly.

(US\$115.8m). Sarich has found it difficult to secure a large scale commer-cial role for its engine, although Ford holds a manu-

Industrial action cuts earnings at Ok Tedi

in Sydney

LAST September's industrial disruption at the Ok Tedi copper and gold mine in Papua New Guinea helped slash its 1988 profit to little more than a quarter of the 1987 level, according to figures released

Ok Tedi Mining, which includes among its shareholders Australia's Broken Hill Proprietary (30 per cent), Amoco of the US (30 per cent) and the Papua New Guinea

Fubilan in the forest-clad Star Mountains near Papua New Guinea's remote border with

500-odd km downriver to a floating offshore terminal.

in 1972.

Concentrate from the mine this year is exexpected to yield 120,000 tonnes of copper and more than 450,000 oz of gold.

facturing licence. UIC to buy 20% stake in Malaysian bank

By Wong Sulong in Kuala Lumpur

UNITED Industrial Corporation (UIC), a diversified Singapore group, is to buy a 20 per cent stake in Development and Commercial Bank of Malaysla for 106.7m ringgit

UIC will pay 96.6m ringgit to Roxy Electric Industries, a Malaysian investment group, for 67.8m shares in D&C Bank. UIC will then pay a further 10.1m ringgit for its rights enti-tlement of 33.9m shares.

The deal has received the approval of Bank Negara, the Malaysian central bank.

The agreement ends more than a year of tormous negoti-ations between UIC and Roxy. The Singapore company will end up with 101.7m shares or 20 per cent of D&C's enlarged capital - the maximum the central bank allows.

Originally, UiC was to take a minimum of 18.8 per cent in Roxy by participating in a 135m ringgit rights issue. Analysts say the final deal was a better one for UIC, as it would gain a major stake in a large Malaysian bank without becoming involved in the other activities of the loss-making

Roxy's stake in D&C will fall to 13.2 per cent.
Roxy is controlled by the family of the late Tun H.S. Lee.
Malaysia's first finance minister, who founded D&C.
The Lee family was reported to have incurred heavy doses in where and property deels

- Appointment of two new members of the Board of Directors, Mr. Peter J. ROB3, Vice President, The First National Bask of Boaton, Boston, Ma., U.S.A. and Mr. Kenneth B INGRAM, Vice President, The First National Bank of Boaton, Boston, Ma., U.S.A. The resolutions may be passed with a minimum quorum of fifty per cent of the issued shares by a majority of two thirds of the votes east thereon at the meeting. in share and property deals during the 1985 recession, and A shareholder estitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of the Fund. a large part of its holdings in Roxy has been sold in the mar-

ket by the family's creditor banks. By order of the Board of Directors

KONINKLIJKE Nijverdal Ten local Da Gama company to Sonth African Breweries for

> the Lavino chrome mine from Aimcor, the US conglomerate, and acquired 29.9 per cent of the UK-registered North Sea & General mining company.

political pressures in the US had become difficult to resist. NCR was the last US computer supplier in South Africa and its exit followed that of Hew-

NCR, the US computer African Altech industrial company, has divested from group. Mr Jacques Sellschop, a South Africa by selling out to director of Fintech, declined to

investors in Europe. NCR has about 70 per cent of the South African market for automatic teller machines. The US parent has appointed Fintech as its exclusive distributor **AUSTRIA**

Notice is hereby given that the extraor-dinary general meeting of shareholders will be held at the registered office 41, Bird. Royal, Limenbourg, on April 13, 1987 at 5 p.to. with the following agenda: For a full editorial synopsis and dvertisement details, please contact:

BOSTON U.S GOVERNMENT

INCOME FUND, SICAV
41, Boolevard Royal
Luxenbourg
R.C. LUXEMBOURG B 26479

A starchoser creates to summe con-vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of

By order of the Board of Directors

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY

RECEIPTS (EDR'S) IN

NIPPON FIRE & MARINE INSURANCE CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to alteration does of record date March 31, 1989 the shareholders' register will be closed for the period April 1 to April 30, 1989 and during this period it will not be possible to register the transfer of sheres against the surrender of EDRs.

Purthermore, it has been declared that the shares will be traded ex-dividend on the Jepensee Stock Exchanges with effect from March 26, 1989.

ADI 26, 190%. of the dividend, a further lice will be published, after receipt of the idend by the Depositary, stating the sount and actual date of payment of such idend together with the procedure to be

To the holders of

Mortgage Capital Trust II

Collateralized Mortgage

Obligations, Series A

Notice is hereby given that the

interest rate on the Bonds for

the interest period 1st April, 1989 through 1st June, 1989 is

By: Bankers Trust Company,

as Trustee.

BOSTON LIQUIDITY
MANAGEMENT FUND, SICAV
41, Boulerard Royal
Linguiding
R.C. Leximbourg 5 25,257

Notice is hereby given that the extraor-timary general meeting of thurcholders, will be held at the registered office 41. Boulevard Royal, Lucumbourg on April 13. 1989 at 4 p.m. with the following.

Amendment of article 3 to be read as follows:

Article 3: The exclusive object of the Fund is to place the flands available to it in memory market instruments and short dated bonds with the purpose of sprending investment risk and afforcing its shareholders the results of the management of the Fund's portfolio. The Fund may take may measures and carry our any operations which it may doesn useful to the accomplishment and development of its purpose to the full entert permitted by the law of March 30, 1988, regarding collective investment undertakings.

· Cancellation of article 17.

10%% per annum

- Amendments of the articles 1, 2, 3, 5, 8, 9, 12, 18, 19, 20, 21, 22, 22, 24, 25 of the Articles of Incorporation of the Company is order to conform them to the law of March 10, 1988, more specifically to insert the investment policy and its restrictions such as muthorised by the said law. Financial Times (Germany Advtg.) Ltd. Gujollettstranse 54 Guiollettutranse 54 D 6009 Frankfurt am Main 1 West Germany Tel: (069) 75980 Telex: 416193

Appointment of two new members of the Roard of Directors, Mr. Peter J. ROBB, Vice President, The First National Bank of Boston, Boston MA., USA and Mr. Kenneth B. INGRAM, Vice President, The First National Bank of Boston, Boston, Ma., U.S.A.

Darren Dodd on 01-873 3472
Financial Times,
One Southwark Bridge
London SEI 9HL

FINANCIAL TIMES

Morgan Stanley

Patrimony Fund Net asset value as at 31.3.89 US\$ 1,005.18 (+0.30)

Sicav

U.S. \$100,000,000 Security Pacific Corporation Subordinated Floating Rate Notes due 1992

Notice is hereby given that for the interest Period from April 5, 1989 to July 5, 1989 the Notes will carry an Interest Flate of 10% per annum. The coupon amount payable on July 5, 1989 will be U.S. \$2654.17 and U.S. \$2654 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Chase Machattan Bank, N.A. London, Agent Bank April 5, 1989

FT Books

Guides to Investment and Financial Planning

01 799 2002 for details

ORIFLAME INTERNATIONAL SA NOTICE OF GENERAL MEETING

A General Meeting of Oriflame International SA ("the Company") will be held at 3, avenue Pasteur, 2311 Luxembourg on Friday, 14th April, 1989 at 10 a.m. to transact the following business:

Approval of the sale by Oriflame International SA to Kooperativa Förbundet (KF) ek.för of all of the issued share capital of Oriflame Scandinavia AB upon the terms and subject to the conditions of an agreement dated 10th February, 1989 between the Company and Kooperativa Förbundet (KF) ek for and authorisation of the Directors to waive, amend, vary or extend any of such terms and conditions as they think necessary or desirable.

Copies of a Circular to the Company's shareholders which sets out details of the transaction, the form of the resolution to be proposed at the General Meeting and the arrangements, for voting are available from Morgan Grenfell & Co. Limited, New Issues Department, 72 London Wall, London EC2M 5NL and Banque Indosuez Luxembourg SA, 39 Allée Scheffer, 2520 Luxembourg.

Registered office: 3, avenue Pasteur 2311 Luxembourg The Board of Directors Jonas af Jochnick Luxembourg 16th March, 1989

FORSMARKS KRAFTGRUPP AKTIEBOLAG (Incorporated in Sweden with limited liability)

£40,000,000 Guaranteed Retractable Bonds 1989/94/99 (the "Bonds")

Unconditionally guaranteed as to payment of principal and interest by

The Kingdom of Sweden

NOTICE OF ADJUSTMENT TO INTEREST RATE

In accordance with Condition 5(b) of the Bonds and the notice relating thereto dated 20th March, 1989, notice is hereby given that the rate of interest payable in respect of the Bonds for the period from 12th April, 1989 to 12th April, 1994 will be 11.375 per cent. per annum.

Forsmarks Kraftgrupp Aktiebolag

5th April 1989



Consolidated Gold Fields PLC

SHAREHOLDER LINE

For an important message to all Consolidated Gold Fields shareholders TELEPHONE

0800 444 999



Telephone-free of charge-on 0800 444 999 to receive regularly updated bulletins on your Board's recommendations in relation to the takeover bid by Minorco.

Directors of Consolidated Gold Fields PLC (other than Mr.]. Ogilvic Thompson and Mr.]. N. Clarket are the persons responsible for the principle contained in this advantament. To the best of the knowledge and belief of such Directors of Gold Fields (who have taken all presonable care to unsure that such is the cash the information contained in this advertisement is to accordance with the facts and does not said suything likely to effect the import of anch information. The Directors of Consolidated Gold Fields PLC (other than Mr. Ogilvic Thompson and Mr. Clarket accept responsibility accordingly.

NOTICE TO THE HOLDERS OF BEARER WARRANTS to subscribe for shares of common stock of

SETTSU CORPORATION

Issued in conjunction with U.S.\$100,000,000 5 per cent. Guaranteed Bonds 1993 ("A" Warrants)

U.S.\$120,000,000 41/e per cent. Guaranteed Bonds 1993 ("B" Warrants)

£50,000,000 41/4 per cent. Guaranteed Bonds

("C" Warrants)

NOTICE IS HEREBY GIVEN that, as a result of the issuance by Settsu Corporation on 30th March, 1989 of its U.S.\$200,000,000 5 per cent. Guaranteed Bonds 1994 with Warrants to subscribe for shares of common stock of Settsu Corporation with an initial subscription price of ¥996 per share, current subscription prices for the respective warrants were adjusted as follows:

(i). "A" Warrants Current subscription price: ¥885 New subscription price: ¥882

(ii). "B" Warrants Current subscription price: ¥974 New subscription price: ¥970.70 (iii). "C" Warrants

Current subscription price: ¥974 New subscription price; ¥970.70

The respective new subscription prices became effective on 31st March, 1989, Japan time. SETTSU CORPORATION

4-1, Minamishinmachi 1-chome Kuise, Amagasaki City Hyogo Prefecture, Japan

5th April, 1989

An important announcement to our stockholders:

Copies of the 1988 Annual Report of Citicorp can now be obtained from:-

Citibank, N.A., 336 Strand, London WC2R 1HB, telephone 438 0960 between the hours of 9.30am and 4pm Monday to Friday.

Postal applications should be addressed for the attention of Rachel Hodson, Corporate Affairs.

CITICORP CITIBAN(

Citicorp, 399 Park Avenue, New York, New York 10043 Incorporated in the State of Delaware



Here is where top executives retreat. To advance. This is Arden House, site of the Columbia Business School's two-week program on:

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4 Columbia Executive Programs 324 Uris Hall, Dept. A99 (212) 854-3385, birl. 995 Colombia Unineraty, N.Y., N.Y. 10027 Teles: 27/2007 EXEC PROG UR FAX 212-316-1473

Please and information on Business Strategy:

Ten Cate sells control of S African textiles group

Cate (KTC), the Dutch group, has divested from South Africa by selling its 62 per cent interest in Mooi River Textiles to Aviex, a company in the local Anglovaal mining and indus-

trial group.
The interest has been sold for R48.5m (\$11.6m at the financial rand exchange rate), equivalent to R11.50 a share. Mooi River's annual sales exceed R50m and rose in 1988 with strong consumer spending. The sale represents the with-drawal of foreign capital from the country's textile industry. In February Tootal of the UK

sold its 49.8 per cent of the

Trading in Mooi River was suspended on the Johannesburg Stock Exchange last week when the shares stood at R7.50 and analysis believe the pre-mium Avtex has paid recog-nises the growing scarcity of takeover targets in an econ-omy hedged with exchange

In recent months Anglovaal and its associates have bought

NCR disposes of offshoot

Fintech, a local electronics

company, and umamed Euro-pean investors, writes Jim Jones in Johannesburg.

The companies said in Johannesburg yesterday that lett-Packard two weeks ago. Fintech is part of the South

disclose any details of the transaction yesterday but said a controlling 50.1 per cent of NCR's equity would be owned by Fintech and the remaining had been sold to institutional

China & Eastern Investment Company Limited



Preliminary Announcement of Results for the six months ended 31st January, 1989. The unaudited consolidated results of China & Eastern Investment Company Ltd. (The "Company") and its subsidiaries (The 'Group') for the six months ended 31st January, 1989 were as follows:

_	5ix Mo 3111989	nths Ended 31.1.1988	(Audited) Year Ended 31.7.1988
=	US\$	US\$	US\$
NET ASSET VALUE (US\$'000) NET ASSET VALUE PER SHARE (UNDILUTED)	29,274 1.69	23,818 1.40	28,242 1.66
GROSS REVENUE/(LOSS)		2770	
Income from listed Investments	496.150	436.605	687.367
Net gains/(loss) from trading in dealing Investments	28.245	(1.911,300)	(2,012,082
Interest on deposits	169.658	58.294	268.841
Net exchange gains	59,322	163,172	160,453
Sub-underwriting fee	1,216	9,065	9,065
Other income	550	2,074	8,130
	755,141	(1,242,090)	(878,226
ADMINISTRATIVE EXPENSES	305,456	492.241	751,969
NET REVENUE/(LOSS) BEFORE TAXATION	449.685	(1,734,331)	(1,630,195
TAXATION	1,937	(180.089)	(158,943
REVENUE/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS DIVIDEND	447.748	(1,554,242)	(1,471,252
NET REVENUE/(LOSS) RETAINED	447,748	(1,554,242)	(1,471,252
EARNINGS/(LOSS) PER SHARE (UNDILUTED)			
(US CENTS)*	2.62	(9.14)	(8.65
DIVIDEND PER SHARE (US CENTS) OTHER TRANSFERS TO/(FROM) RESERVES		-	•
Net profit on disposal of Investments	1,038,630	2,731,607	2,341,746
(Decrease) in valuation of Investments	(733,137)	(17,994,818)	(13,263,532)

Breakdown of investments as at 31st january, 1989	Assets US@m	% of pet assets
Hong Kong	20.28	69.3
Japan	6.71	22.9
Others	0.95	3.3
Net Current Assets	1.33	4.5

The period under review witnessed further strength in world stockmarkets, with Japan reaching record highs and Hong Kong continuing to recover. The world economy remains strong and once the current increase in inflation peaks, interest rates will decline.

The Company has a number of new projects under active consideration. The flow of suitable investment opportunities coming to the Company has decreased in volume in recent months but has improved in quality.

It is not the Company's present policy to declare Interim Dividends. The Board will consider in the light of the full year's results whether it is appropriate to recommend to shareholders the payment of a dividend.

It is expected that the full Interim Report will be sent to shareholders on Thursday, 20th April, 1989. It will be made available to the public at the Company's Registered office; 8th Floor, Prince's Building, Hong Kong and its U.K. Transfer Agent: Ravensbourne Registration Services Ltd., Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

DIRECTORS' INTERESTS IN SHARES AND/OR WARRANTS

Company as at 31st January, 1989.	a me tong and a factorist mercold in the states with of	war sames of ette
	Ordinary shares of US\$0.50	Warrants
J. D. Bolsover	4,700	940
K. Nagamine	4,700	940
J. J. K. Taylor	5.900	180

By Order of The Board, Verilatem Hong Kong Limited, Company Secretary

ABB Asea Brown Boveri Robotics AB Västerås, Sweden

has acquired two thirds of the shares of

MTA Montage + Test-Automation GmbH Naber und Tückmantel

Langenfeld, West Germany

WestLB Mergers & Acquisitions acted as advisors to the shareholders of MTA. assisted in structuring the takeover concept and managed the negotiations leading to the deal.

WestLB Westdeutsche Landesbank

February 1989

London New York Tokyo Hong Kong WestLB International S.A., Luxembourg Banque Franco-Allemande S.A., Paris Westdeutsche Landesbank (Schweiz) AG, Zurich Representative Offices: Beijing Melbourne Moskow Osaka Rio de Janeiro Toronto



Malaysia US \$650,000,000

Floating Rate Notes Due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 5th April, 1989 to 5th October, 1989 the Notes will carry an Interest Rate of 10% by per annum.

Interest payable on 5th October, 1989 will amount to U.S. \$563.93 per U.S. \$10,000 Note and U.S. \$13,423.18 per U.S. \$250,000 Note.

Morgan Guaranty Trust Company of New York Agent Bank



US\$200,000,000

American Express Bank Ltd. Floating Rate Subordinated Capital Notes

Notice Is hereby given that for the Interest Period 6th April, 1989 to 6th July, 1989 the Notes will bear interest at the rate of 10%% per annum. The interest payable on 6th July, 1989 against coupon No. 9 will be US\$262.26 per US\$10,000 nominal and US\$6,556.42 per US\$250,000 nominal. DATED THIS 5th DAY OF APRIL, 1989

Principal Paying Agent



INTERNATIONAL CAPITAL MARKETS

Mixed feelings over US regulation

Alfred Byrne, Allan Mostoff and Olivia Adler on SEC proposals

Several regulatory propos-als recently published by the US Securities and Exchange Commission should, if adopted, ease dealings, between non-US eccurities

firms and US investors.

The proposals would create express exemptions from registration and clarify SEC policies regarding international securi-

At the same time though, recently enacted insider trading legislation could expose to significantly greater liability foreign companies whose secu-rities are traded in the US, as well as foreign securities firms dealing in securities traded in the US.

On the positive side, proposed SEC rule 15z-6 would create two "safe harbours" for the positive side.

non-US securities firms which provide research to US investors and execute securities transactions for them. If adopted, the rule would permit these firms to deal with US institutions, foreign affiliates of US organisations and international agencies, without reg-istering with the SEC as bro-ker-dealers.

For transactions not within e safe harbour, the SEC has also proposed a clear restate-ment of its staff's general poli-cies in this area. A proposal to codify these is also under con-sidentics.

The first of the two proposed safe harbours would exempt from US broker-dealer registration any non-US broker-dealer whose only US clients were institutions (as defined in the rule) provided it dealt with those clients only from outside the US and only through a USregistered affiliate that executed all transactions, maintained all records, assumed full responsibility for the accounts and accepted service of process for the non-US

The rule would liberalise current SEC staff interpretations by not requiring e USregistered agent to participate in all conversations between

Metropoi Mippon II Morvay 8 Portugal I Protectual Gambas Al Sackatch Swaden S Swaden S Swaden S Toyota 9 Victorian World Ba World Ba World Ba Yanda S

E.I.B. 64 E.I.B. 67 Euro Coal Eurofima Elec De F

AD.B.

the US institution and the unregistered entity. The second proposed safe harbour would be available to unregistered broker-dealers whose US-related clients included only:

Non-US branches and agentics IS partition leasted for

cies of US entities located, for "valid business reasons," outside the US.

• Foreign affiliates of US enti-ties located outside the US. • The International Monetary Fund, International Bank for Reconstruction and Develop-ment, and the United Netions

ment, and the United Netions and its affiliates.

The proposed interpretive positions generally follow a geographic approach. Activity involving purchasers resident in the US, regardless of nationality, would be regulated, but activity involving purchasers, including US citizens, resident including US citizens, resident abroad would not be regulated even if US facilities or securities were involved in the trans-However, activities directed

toward specifically targeted groups of US citizens resident abroad, such as US military or diplomatic personnel, would continue to be regu-

Similarly, any conduct of securities sales activities from within the US would require US registration.
Thus, even e non-US firm

selling securities exclusively to people outside the US would be required to register if it were engaged in solicitation from or in the US.

f a safe harbour were not applicable, a non-US entity would have to register if it were to engage in solicited securities transactions directly with US persons in US mar-Registration could be

avoided by dealing through a
US attiliate which would execute transactions (although it
may do so through its foreign affiliete's treding desk), assume responsibility for the account and adopt service of

process on the unregistered

entity. Unlike the proposed safe harbour, a US-registered agent would have to perticipate in all communications between the unregistered entity and US clients, although that agent may be located in a non US The comment period on

these proposals has now expired and final action from the SEC may be expected early next year. While reaction to the general thrust of the pro-posal has been favourable, there has been considerable negative comment regarding both the requirement for dealing through a US affiliate and the broad definition of "solici-tation," which would generally require registration of firms providing research to US inves-tors

The Insider Trading and Securities Fraud Enforcement Act of 1988, enacted last Octo-ber, has considerably less fevourable implications for non-US public companies and securities firms. The act does not define insider trading but it expands the universe of persons and companies potentially liable to include those which "control" a violator. The act also considerably increases

criminal penalties for direct riolators.

The act provides for the pay-ment of "bounties" to persons providing information leading to the imposition of a penalty and creates an express private right of action in favour of persons who trade contemporane-ously, on the opposite side, with a transaction which is in

with a transaction which is in violation of the law.

Finally, the right of courts to fashion other private rights of action on behalf of persons oth-erwise damaged by insider trading is specifically endorsed.

If precedent is any indica-tion, it is likely that the SEC will interpret the ect as appli-cable to non-US persons acting Thus non-US securities firms

involved with securities traded in the US and foreign issuers of US-traded securities should carefully consider the implica-

tions of the act—particularly
the expanded "controlling person" liability.
US courts have, to date, been
reluctant to impose maximum
penalities for insider trading. However, the act is a clear expression of US Congressional

intent that the courts deal more harshly with violators. oreover, another pro-vision of the act is likely to encourage non-US authorities to assist the SEC in prosecuting insider trading violations by non-US

entities. That provision gives the SEC the right to conduct investiga-tions in the US on behalf of foreign securities authorities but expressly requires the SEC, in exercising this authority, to consider whether the foreign country would provide recipro-cal assistance to the SEC in conducting its own investiga-

tions. Thus entities which are subject to potential liabilities will be well-advised to establish and enforce procedures that demonstrate diligent efforts to prevent misuse of material non-public information about securities traded in the US, even if such procedures are not directly required by the Act (as they are for US registered bro-ker-dealers and for investment advisers who are registered or required to register with the

The Insider Treding and Securities Fraud Enforcement Act is new and untested. It is broad and incorporates many undefined terms. The penalties are severe and the pressure in the US to prosecute violators, wherever located, is intense. An informed, vigilant and cau-tious approach would seem to be indicated.
Mr Byrne and Mr Mostoff are

partners in Dechert Price & Rhoads, a US legal firm. Ms Adler is a senior associate.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secon

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Theiland dl. 45		-	24.0	- 1	AČI.	80

Chemical Bank quits **Euromarket**

By Norma Cohon

CHEMICAL BANK said yesterday it was withdrawing from Eurobond trading, becomsuch a decision in recent

months. months.

The move highlights the increasingly competitive nature of the Eurobond business where even firms with the largest market share complain that profit-making is difficult. Chemical said it would be making 15 staff redundant out as which eight were involved in sales and trading.

While the firm has not been

an underwriter of new issues for several years, it had been e market maker in the dollar sec-

13.51

Chemical said it was reorganising ite fixed-interest activities, forming a new unit which would integrate all remaining money market and securities activities. Emphasis would be placed on highly liq-uid instruments denominated

in leading currencies.

The unit would incorporate the bank's US and D-Mark government bond trading activities as well as money market and futures and options businesses

As part of the reorganisa tion, Chemical also said it would be selective in seeking new Eurocommercial paper

new Eurocommercial paper businese although it would continue to participate as e dealer in existing programmes.

Eurocommercial paper, in general, has proved a highly competitive business. According to a recent Bank of England study, margins are two to three basis points, compared with five to eight basis points on US commercial paper.

Saudi Intl posts strong recovery By David Barchard

SAUDI INTERNATIONAL, the London-based consortium bank in which the Saudi Arabian Monetary Agency has a 50 per cent shareholding, yesterday reported pre-tax profits of £11m (\$18.7m) for 1988.

This compares with a box of

This compares with a loss of £44,515 in 1987 after provisions of £58.3m against Third World debt losses.

Operating expenses including staff salaries fell to £12.5m from £13.6m. Mr Peter de Roos, executive director, said this was largely because of redundancies. dancies carried out in October 1987, but that the bank had also achieved economies by sub-letting part of its premises. Total assets at the end of 1938 were £2.5bn (£2.3bn), while tha capital and reserves of the bank amounted to £188m (£180m).

The bank proposed to pay dividends worth \$2.5m to the banks which owned it.

INTERNATIONAL CAPITAL MARKETS

GOVERNMENT BONDS

Cash outstrips long bonds over 1989 first quarter

ANYONE IN need of portfolio would be facing a 14 explanations as to the wide-spread lethargy of bond mar-kets in the first quarter of this year can turn to a recent report by Midland Montagu, which reveals that cash has outperformed the 10-year bond in each major market.

In domestic currency terms, 10-year UK gilt-edged securities returned 3.1 per cent in the first three months of this year, a better return than any of the others, which mostly produced

negative returns. Returns on US Treasuries were 1.1 per cent over the quarter. Three-month cash in the UK and the US yielded 3.3 per cent and 2.3 per cent respec-

unexpected strength of the dollar meant that no for-eign bond market (among those surveyed) yielded posi-tive returns for the US inves-tor. A hapless American inves-tor with Swiss bonds in his

per cent decline in the value of his holdings in dollar terms. This picture is, of course, entirely to be expected where

US TREASURY bonds rose yes-terday as the dollar hovered above the lows reached after a statement by Mr Pierre Bérégo-voy, French Economics Minister, that the Group of Seven did not want the dollar to

In late trading, prices were quoted as much as % point bigher in short maturities and stood about 1/2 point higher at the long end of the market. The Treasury's benchmark long bond rose H point for a yield of 9.01 per cent. With no important economic releases until Friday's March

employment and wages fig-

most yield curves are inverted, or at best very flat.

_	Coupois	. Red Dete	Price	Change	Yield	Week ago	Mont
UK GILTS	13.500	9/92	107-11	+ 5/32	10.80	10.78	10.56
	9.750	1/98	97-15	+4/32	10.19	10.10	6.98
	0.000	10/08	97-28	+2/32	9.24	6.14	9.05
US TREASURY	8.875	2/98	96-08	+ 12/32	9.15	9.46	9.34
_ · · _	8.875	2/15	98-18	+ 16/32	9.01	9.22	815
JAPAN No 111	4,600	6/96	96.5029	-0.150	5.12	6.14	5.12
. No 2	5,700	3/07	106.5244	-0.203	5.01	5.06	4,98
GERMANY	6.375	11/98	98.1260	+0.200	6.93	6.98	6.96
FRANCE BTAN	8.000	1/94	96.1347	+ 0.039	9.01	9.18	9,33
CAT	8.125	5/99	94.8500	-0.160	8.94	9.03	a 17
CANADA *	10.250	12/96	99.3750	+0.250	10.35	10.89	10,48
NETHERLANDS	6.7500	10/98	97.5750	+ 0.300	7.08	7.18	7.19
AUSTRALIA	12.000	7/99	90.5542	+0.103	13.72	13.58	18.59

ures, the market is tending simply to track movements in the dollar, and oil and commodity prices.

The dollar weakened early in the session but had clawed

back some ground from its lows by late trading. Against the D-Mark, it was quoted at DM1.8690 from a low of DM1.8625. Mr Béregovoy said it would be easier to avoid a race on raising interest rates if the dollar did not rise.

Price gains also came against a background of rising oil prices. Crude futures for May delivery were quoted 49 cents higher at \$20.44 a barrel in afternoon trading on the Naw York Marcantila

THE announcement of two US-style repurchase agree-ments knocked a good 10 pfen-nigs off an otherwise firm German bond market

Traders had been hoping for least one tranche to be issued at a fixed rate, which would have been seen as signalling stable short-term interest rates. However, some bankers cautioned against reading too much into the central

Tomorrow's council meeting.

which is not expected to produce an official rate rise, will include tha release of the Bundesbank's 1988 profits, expected to exceed DM10bn

As most of this money is transferred to the Government to reduce funding requirements, it will have an expansionary effect on money market funds.

IT WAS another lethargic day in the UK market as gilt-edged securities traded in a narrow range, unmoved by the reitera-tion of Mr Nigel Lawson, the Chancellor, that he is deter-mined to use interest rates to combet a week round combat a weak pound.

On Liffe, the June long-gilt future closed just & of a point firmer than the previous close

Appeal for informal sterling issue queue

By Norma Cohen

THE British Merchant Banking and Securities Houses Associa-tion has asked the Bank of England to consider running a queuing system for new equity and debt issues on an informal basis, now that the formal new issues quening system bas been abolished.

Formerly, all underwriters of sterling issues had to obtain timing consent from the Bank prior to launching a new deal. The Bank had thus been able to avoid scheduling a simulta-neous rush of issues that would compete for investor attention.

The abolition of the queuing system for sterling issues, which has existed since the 1950s, was abolished by Mr Nigel Lawson, the Chancellor, in his Budget on March 14. It was one of several reforms aimed at relaxing restrictions that inhibited the issuance of

sterling instruments.

"It is really rather a shame that the help you used to get from the Bank of England by being forewarned about other issues is no longer available," Mr Rohin Hutton, director general of the association, said in explaining why the group sought to undo a recent measure of reform. He added that the BMBA would oppose reinstatement of mandatory timing

For its part, the Bank is believed to be largely unwilling to resume responsibilities for scheduling sterling issues. viewing it as the market's responsibility to run such a system if it feels it is desirable. Mr Hutton explained that the Bank had been approached as the most logical candidate to run a voluntary queuing system because it already had the expertise and because it was seen as an impartial

INTERNATIONAL BONDS

Toyota Motor Finance launches \$200m issue over two years

ACTIVITY EXPANDED on the Eurobond new issue market over three quarters of the yesterday, with a series of US bonds had been sold. Invest ACTIVITY EXPANDED on the dollar deals relying heavily on Japanese interest.

Nomura launched a \$200m two-year deal for Toyota Motor Finance (Netherlands). The bonds came with a 10% per cent coupon and were priced at 100.95 to yield some 58 basis points over the equivalent US Treasury. A drift in the Treasury. sury market saw the launch spread tighten to around 57

basis points. Demand for two-year paper was patchy, with plenty of bonds remaining in the market after earlier deals from Du Pont, General Electric and Chevron. Toyota's issue, which carried a keep-well agreement with the parent company, was priced to offer a yield pick-up over these deals. It had an average reception and, according to the lead manager, traded just outside underwriting fees for most of the day, before clos-

ing on fees at less 1% bid.
Some co-managers said they had had difficulty placing their honds, but there was no criticism of the pricing which was described as fair. A Nomura official expressed satisfaction

(hemic

Banka

i uroma

ment trusts in Tokyo were reported as heavy buyers, while there was some institu-tional interest in Europe. The proceeds were swapped

into floating-rate dollars by Prudential Bache, but neither house would comment on speculation that a further swap was done into another cur-rency. Swap traders said the likely funding rate in floating-rate dollars was around 40 basis points below Libor.

The dollar sector was tapped at the long end by Japan Finance Corporation, which brought a \$150m issue via IBJ International. The 10-year bonds carried a 9% per cent coupon and were priced at 101.50 to yield some 54 basis points over Treasuries. The launch spread later narrowed to around 51 basis points. The deal was announced in Tokyo overnight before pricing in London. The lead manager

thus had the certainty of some Japanese institutional demand for the bonds, . An IBJ official said the deal had been well placed and quoted the paper at less 2 bid,

a discount equivalent to full underwriting fees. Some comanagers were sceptical and said there had been consider-able selling into the lead man-ager's support bid.

There was switching into the deal out of existing 10-year bonds, particularly recent issues by Eximbank, EIB and Italy. Eximbank 9% per cent 1999 bonds were trading at a constant of the state of the s around 40 basis points over Treasuries. The proceeds were swapped into floating-rate US dollars by Merrill Lynch and then into fixed-rate yen by IBJ International.

International.

The four equity warrant deals launched yesterday had typical receptions, all trading comfortably within fees. A \$700m issue for Mitsubishi Estate brought by Nikko Securities met strong demand and was quoted by the lead manager at 102% bid, a fine premium to the par issue price.

This rather over-shadowed the other deals, with a \$150m issue for Ushio trading at 98% bid, according to Daiwa, and Hoya's \$150m deal quoted at 99% bid by Nomura, the lead 99% bid by Nomura, the lead manager. Okamoto Industries' \$100m issue brought by Yamai-

chi was trading at a healthy

	WINTE			20110	.000	
Borrower US DOLLARS	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
Toyota Motor Finance(e)◆	200	10 34	100.95	1991	11g/5g	Nomura Int.
Japan Finance Corp.(e)	150	9%	10112	1969	2/13	IBJ International
Mitsubishi Estate Co.4	700	(5 ¹ a)	100	1994	24/12	Nikko Secs. (Europe)
Hoya Corp.♥	150	(45g)	100	1993	24/12	Nomure Int.
Ushlo Inc.	150	(5 4)	100	1994	24/12	Dalwa Europe
Okamoto Industriese Pinal terms fixed on:	100	(45g)	100	1993	214/112	Yamaichi Int. (Europe)
Shows Denko(s)#4	500	44	100	1983	24/12	Nomura Int.
Mori Selki(b)₽◆	100	43	100	1993		Yamaichi Int. (Europe)
CANADIAN DOLLARS McDonald's Rest.Canada(a)	100	1112	101 %	1994	1%/14	RBC-Dominion Secs.
AUSTRALIAN DOLLARS Council of Europe(e)	50	17	101 ¹ 8	1990	1/52	Commerzbank
NEW ZEALAND DOLLARS GMAC Australia Finance(E)	50	14	102	1992	112/1	Hambres Bank
SWISS FRANCS Advantest Corp.(c)54.4	200	.1.	100	1994	n/a	Credit Sulase
Mittra Co.(d) 5 A A	60	(32)	100	1994	n/e	Nomura Bank(Switzerland)

premium at 101 bid.
The Canadian dollar sector
was tapped by McDonald's
Restaurants of Canada. RBC
Dominion Securities was the lead manager of the C\$100m deal which carried an 111/2 per cent coupon and was priced at 101% to yield 52 basis points over Canadian government

The borrower had been talking about a swap-driven

deal to several houses for some time, but it is understood that when the issue was finally launched the proceeds were unswapped. The pricing was described by new issue traders

as fair.

Syndication was on a take and pay basis. The lead managed and instituager reported good institutional interest from Canada, as well as predictable retail interest in Europe. Swiss investors

remained notably absent from the sector, which was seen as risky on currency grounds. In Switzerland, Credit Suisse was the lead manager of an unusual SF1200m five-year con-vertible issue for Advantest. The par-priced bonds came with a fixed coupon of 1 per cent and a put option at par

after four years. The bonds were trading around less 1% bid.

Indosuez to acquire OMF stake as Matif feud ends

By George Graham in Paris

OMF, THE privately controlled French futures and options market, is to open its capital to more investors following its unofficial peace pact last week with the main Matif futures market.

Banque Indosuez, the leading French investment bank, confirmed yesterday it would be taking a stake in OMF, and other banks are expected to join in shortly.

OMF was originally launched by Crédit Commercial de France (CCF), the priva-tised commercial bank, along with OM, the Swedish originator of its electronic market technology, and Finacor, the leading French money

The initial group of investors was joined in May last year by three more of France's largest banks - the state-owned Banque Nationale de Paris (BNP), Paribas and Société Générale, the two privatised banks. OMF and Matif agreed last week to pool their resources on

a new futures contract based on the BTAN five-year Trea-sury bill, with OMF running the market and Matif organising financial transfers.

BBL to buy holdings in brokers

By William Dawkins in Brussels

BANQUE Bruxelles Lambert meulen & Fils, the sixth largest (BBL), the second largest bank in Belgium, is to buy a major-ity stake in three local stock-brokers, the latest evidence of the reforms sweeping the Brus-sels Stock Exchange.

BBL is taking advantage of a draft law paying the way for stockbroking firms to be opened to outside control. It is buying stakes in Marcel Ver-

operator on the Brussels exchange; SCS Masset, Vermeulen; and J.L. Raemdonck

van Megrode.

BBL sald the three firms were to be merged to form what would be the fourth or fifth biggest stockbroking business in Brussels. They will trade in shares, corporate and government bonds.

December 180 puts.

FT-ACTUARIES SHARE INDICES

These indices are the joint compliation of the Financial Times, the institute of Actuaries and the Faculty of Actuaries

EQUITY QROUPS		Tues	day A	oril 4	1989		Mos Apr 3	Fri Mar 31	Thu Mar 30	Year ago (approx
& SUB-SECTIONS Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div, Yield% (Act at (25%)	Est. P/E Ratio (Net)	ed adi. 1989 to date	Index No.	Index No.	ladex No.	Index No.
1 CAPITAL GOODS (207)	949.95	. +0.4	10.33	3.96	11.90	7.22	946.12		941.31	738.3
2 Building Materials (29)	1223.01	- +1.7	10.78	3.43	11.42				1187.02	
3 Contracting, Construction (38)	1737.50	+6.3	11.98	3.78	10.92					
4 Electricals (10)	2751.57	0.1	8.19	4.36	.15.02				2751.87	
5 Electronics (30)	SITOTI	-6.1	8.92	3.16	. 14.53	12.62			2093.67	388.9
6 Mechanical Engineering (54)		+1.0	18.14	3.95	12.04			520.33	595.83	
8 Metals and Metal Forming (7)		-6.1	14.33	5.56	7.89	0.60		539.15		
9 Motors (17)	307.99	+8.6	11.72	4.25	9.93			318.16	387.89 1596.50	
O Other Industrial Materials (22) 1 CONSUMER GROUP (186)	1177 64	. +0.1	9.28	3.66	12.82		1576.38	1613.41 1171.61	1151.21	
22 Brewers and Oistillers (22)	1274 05	-0.3	9.00	3.49	12.89		1278.37	1277.11	1264.10	
2) Brewers and USDITES (22)	1023 24	+0.3	9.34	3.99	13.34			1026.97	1016.18	
	2024 78	+1.2	8.75	3.46	14.71	8.97	2003.11	1994.35	1971.72	
6 Food Retailing (3.5)	2020.70 2227 57	+0.3	134	2.59	18.05		2239.10	2175.54	2148.12	
77 Health and Household (14)	1414 94	75	7.49	131	16.80		1614.89		1602.18	
1 Packaging & Paper (16)	CR5 40	-0.9	18.07	411	12.13	5.04	590.57	576.16	592.95	474.7
2 Publishing & Printing (18)	3475.47	-0.9	8.74		14.32			3687.96		
4 Storts (33)	764 91	+0.1	11.39	4.57	11.51	1.75	763.48	761.49	760.09	796.7
5 Textiles (15)	E19 22	+0.2	11.97	5.42	18.14	0.38	517.34	518.92	514.15	
O TEXTILC (T2)	1877 49	TWA	19.93	4.18	12.15	R.37		1073.47		849.1
O OTHER GROUPS (94)	T#40 60	-0.5	8.40	2.47	15.23	12.34		1270.67	1247.49	
2 Charles (22)	1224 32	-0.7	18.90	4.20	11.02		1225.50			
2 Chemicals (22) 3 Conglomerates (11)	1527 88		18.64	4.81	11.52	4.76	1521.30			1125.8
E Tennand /12\	2350 61	+0.2	1.35	3.58	15.37	16.45		2364.38	2335.19	
5 Transport (23) 7 Telephone Networks (2)	1129.72		10.39	4.16	12.51	0.00	1129.21		1091.88	
8 Miscellaneous (28)	1501.75	-8.2	10.41	3.93	10.93	21.18	1504.98	1507.57	1484.92	1103.1
9 INOUSTRIAL GROUP (487)	1172 54	+8.2	9.64	3.89	12.81	7.19	1118.86		1076.64	908.6
1 OII & Gas (13)	1976.51	-0.3	9.78	5.62	13.20	40.19	1983.03	1971.99	1953.69	
9 500 SHARE INBEX (500)		+0.1	9.65	4.11	12.86		1184.99		-,	
A DAN SURKE TANKE COOK		+8.3		5.86					742.62	
FINANCIAL GROUP (124)	744,88	18.5	23.38	4.52		12.54	741.84	747.86 729.72	723.79	642.24
2 Banks (8)		+0.7	23.36	5.41	5.62	20.35 25.72	1076.45	1184.91	1100.41	940.3
6 Insurance (Composite) (7)	24 782	10.1		5.34		19.63		598.61	592.24	515.6
7 Insurance (Arokers) (7)	858 12	+0.3	8.80	6.58	15.15	16.38	957.73	343.03	961.92	\$27.3
8 Merchant Banks (11)		10.1		4.52	15.15	3.61	331.95	333.91	332.78	334.7
9) Property (53)	2324.68	19.2	5.59	2.63	22.77	4.14	1322.59	1376.62	1321.09	1104.9
O Other Financial (30)	368.73	-0.2	9.52	5.61	12.0	3.56	369.60	372.59	372.23	381.66
1 Investment Trusts (73)	1097.18	+9.1	-	-2.24		6.22	1075.50	1093.56	1085.29	841.05
1 Mining Finance (2)	461:40	. +1.6	8.76	3.63	12.61	18.45	459.64	453.25	448.70	432.5
1 Overseas Traders (8)	1387.49	-0.4	2.49	4.82	13.76	15.93	1393.17		1401.57	968.52
9 ALL-SHARE INDEX (707)	1078.07	+0.1		4.21	22-14		1076.51	1076.15	1065.26	993.34
A MAT CONTROL TAKEN PARAMETERS										
	hadex No.	Day's	Caty's High (a)	Day's Low (b)	AW .	Mar.	Mar 30	Max 29	Mar 28	Year
FT-SE 100 SHARE INDEXA	2082.8	+3.2		2882.4		2075.0	2049.4			1737.4
		1000	227224				244774	4.2744		

PRICE Tue Day's Mon xd adj xd adj		FIX	(ED I	NTE	RES	.	94.		AVERAGE GROSS REDEMPTION VIELDS	Tue Agr 4	Mon Apr 3	Year ago (approx.)
British Government 117.71 +0.10 117.59 3.59		PRICE INDICES		change			1989	1 =	Low Syears	9.17	9.16	8.57 8.94 8.85
5 All stocks	3	5 years 5-15 years Over 15 years	117.71 134.45 145.54	+0.14 +0.16	134.25 145.30	-	2.89 4.56	67 8 9	Coupons 15 years 25 years 15 y	10.58 9.61 9.19 10.71 9.83 9.37	10.62 9.62 9.18 10.75 9.84 9.35	
	6 7	All stocks Inter-Linker 5 years Over 5 years	132.54	+9.32 +0.98	132.38	-	1.36	11 12 13	Index-Linked Inflation rate 5% Syrs Inflation rate 5% Over 5 yrs	3.62 3.54	3.65 3.55 2.75	2.19 3.75 1.29 3.58
9 Bekenhars & Leans 116.67 -0.13 116.82 2.20 16 17 25 years 12.09 12.10 1 15.50 17 25 years 10.96 10.93	9	Debentures & Leans	116-67	-0.13	116.82	-	2.20	15 16 17	Leans 15 years 25 years	11.52 10.96	11.50 10.93	10.82 10.65 10.65

RISES AND FALLS YESTERDAY British Funds Corporations, Cominion and Foreign Sonds

LONDON MARKET STATISTICS

LONDON RECENT ISSUES EQUITIES

rice	Pak	Process.	190	7	Stock	Clasing	+0	Rei	Times	Grass	PE
77102		Cate	High	Log .		Price		Dity.	Core	Yield	fatio
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TRADITIONAL OPTIONS First Dealings Mar 20 Last Dealings Apr 7 Jun 29

Last Declarations

Amount Pald up

dington, Folkes non-voting, Remar Textiles, Medirace, Remar Textiles, Medirace, Edmond Holdings, Apricot Com-puters, Unigate, Pentland Industries, First Leisure, Consolidated Tern invs. and Mid

Clasing Price p

LONDON TRADED OPTIONS

GEC, which is involved in talks with CGE of France over collabobroad sense, although individual ration between the two, stole the honours on the London Traded Options Market yesterday, attract-ing 3,223 call contracts and no nuts. Overall market husiness was modest, on 37,181 contracts total, made up of 22,782 calle and 14,409 buts.

The business in GEC took place against the background of an underlying share, which showed no net movement on the day, end-

The April 240 calls attracted the most ettention, with 1,520 contracts traded.

it was by and large a day of little analysts' definition in the

stocks were touched by their views. The FT-SE 100 Index showed a gain of 3.2 points on the day to 2,082.8, heving touched e high point in the morning of 2,092.7 as early weakness in sterling lound delence from the Bank of England, the Group of Seven statement over the weekend and from the Chancellor of the Exche-

quer.

British Gas saw some activity on what was in general a quiet dey, attracting 3,041 contracts, of which only 90 were calls and 2,551 were put. The shere price fell 2p on the underlying market, to 177p, with the extraordinary amounts traded of 1,150 in the June 180 puts, and 1,500 in the

contracts, consisting of 1,562 calls and 163 puts, against the background of the talks with Smith-Kline of the US.

British Telecom saw 1,403 contracts, lying in 402 calls and 1,001 puts, with most of the interest in the May 280 and August 260 puts, each of which saw 350 contracts. The London International Financial Futures Exchenge continued to offer an upward dreg on the underlying market, as reverbera-tions of central bank intervention in the foreign exchange merket and the recent strength of the dol-

the previous day, was again prominently traded, finding 1,725

	Option		Ane	سال	a 7 Oct		PUIS	Oct.	Option		Aρε		y Oc	. Apr	Jet	Oct.	Option		May	Arg	Nov	May	Aug	Hor
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	C & Wire (*484)	420 460 500	500	82 52 29	98 68	2	65 17 35	10 22 40	TS8 (*117)	110 120	8 2	6 ² 3	16	1 4	2 5	8	(°567) British Gas	550 600	40 13 21½	54 28 24	55 40 27	24 60	30 62	34 64
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City praises 'imaginative' final shot in defence against Minorco bid

Gold Fields makes earnings growth pledge

By Kenneth Gooding, Mining Correspondent

error is A lovely idea and will get well-deserved and good publicity for innovation and growth of more than 20 per get well-deserved and good publicity for innovation and imagination," said Mr Christopher Spreckley, an analyst with CL-Alexanders Laing & Cruickshank, of the latest ploy introduced to the takeover game by Consolidated Gold Fields yesterday.

"But," he added quickly, "it will not be enough to stop people accepting if Minorco comes up with a higher offer."

His views were echoed by

up with a higher offer."

His views were echoed by other analysts who have been following the seemingly naverending saga of Minorco's \$3.2hn bid for Gold Fields.

They give Gold Fields full marks for ionovation for introducing what the group describes as a unique performance pledge in the document

mance pledge in the document which contains the final shots in the defence's battle.

The pledge guarantees Gold Fields' shareholders either 400p cumulative earnings per share before sales of operations over

HIGH METAL prices and a

buoyant European economy belped to boost the taxable

profits of British Alcan Alu-minium, a wholly-owned sub-sidiary of Alcan, the Canadian

group, by 42 per cent from £38.1m in 1987 to £54.2m last

A major cost-reduction pro-

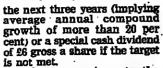
gramme, increased productiv-ity and improved manpower utilisation also contributed to

the improved results, said Lord

Peyton, the chairman. These programmes will continue in 1989 and beyond, he added.

Lord Peyton said the current year had started well hut there

By Kenneth Gooding, Mining Correspondent



Perhaps more importantly, all future executive incentive arrangements for Gold Fields' central management will be tied to the achievement of this earnings per share target. In effect, all cash bonuses and

effect, all cash bonuses and share options would be frozen unless the target was met.

The inceotive scheme will apply to about 12 executives throughout Gold Fields' central management and its wholly-owned subsidiaries who at the moment win bonuses based on return on assets criteria on return on assets criteria on return on assets the later are rather than earnings per share.

Bonuses have been up to 30 per cent of gross annual salary for the central directors hut

for the central directors nut can be very much higher for those outside.

The "unique" pledge is car-ried by special preferred shares

were some areas of concern.

High interest rates were reduc-ing demand from the bome

improvement and double-glaz-

ing markets, for example. British Alcan's production of

aluminium of all types rose from 301,000 tonnes to 323,000

from 301,000 tonnes to 323,000 tonnes last year. Turnover was up from £676.8m to £778.5m. Operating profit increased from £51.9m to £63.8m.

Lord Peyton pointed out that the company boosted return on capital employed from 12.3 per cent and kept up

cent to 15 per cent and kept up

a high rate of capital invest-ment - lifted from 49.4m to

£56m last year - as well as

British Alcan rises to £54m



Rudolph Agnew, Gold Fields' chairman which would be issued to exist-

ing ordinary shareholders on a one-for-one basis in 1992. The board would lose flexibility of action if they were issued ahead of that date, Mr Rudolph Agnew, Gold Fields chairman, suggested.

research and development expenditure - up from £9m to

211m. British Alcan paid out 27m

last year in early retirement

and redundancy payments.
These arose partly from the
closure of factories at Stratford
in East London (aluminium for
containers) and at Merton near

London (wire and cable) whose operations were transfered elsewhere.

average number employed by British Alcan increased from

10,814 to 11,061 because of the acquisition of the Gelpack plastic packaging group.

However, at the year-end the

Mr Rogar Philimore, Minorco's commercial director, said the "elaborate davice" involving the preferred shares "does not add up to a row of beans". The target was "unsub-atantiated and unsupported. No effort has been made to per-

suade shareholders that it is achievable. It amounts to the the Gold Fields directors say ing to their shareholders: Trust

Analysts agreed that the "performance pledga" added nothing to the value of Gold Fields' shares or its net asset value — they have produced estimates about the latter ranging from £15 to £20 a

But they suggested that it would put a higher floor under the Gold Fields price if the bid lapsed. "The downside has improved from £12 to £13 now," said Mr Jack Jones of UBS Phillips & Drew. They were also in no doubt

that Minorco would have to raise its bid by at least £2 from the present level to about £15.50 to have any chance of succeeding. Some expected an announcement to that effect by next Monday at the latest.

Coloroll's programme of disposals nears an end

By Clay Harris

COLOROLL GROUP, the textiles and home furnishings company, is to raise A\$34.6m (£16.5m) in cash through the disposal of a majority holding in its Australian carpet inter-

The proceeds for the stakes in Homfray and Hycraft include horrowings to be repaid by the purchasar, a management-led team. In addition to cash, Coloroll will receive a £3.6m interest-bearing subordinated note and retain a 26 per cent stake in voting stock.

The deal brings to £130m the proceeds from selling parts of John Crowther Group, the tex-tile company it bought for £207m last year.

The disposal programme took another step towards completion yesterday when Colo-roll said it had received an approach for Brinkman, a leading US distributor of floorcoverings, and had appointed Goldman Sachs to advise on a

possible sale.

Mr John Ashcroft, Coloroll chairman, said the sale of Brinkman was expected to recoup \$40m to \$50m (£23.5m-

If this deal goes through, Coloroll will retain only Crowther's Kosset and Crossley carpet manufacturing operations and MCD, a UK distribution company, bought at a net cost of about 250m.

Hornby on the

Mr Jack Strowger, chairman, said the USM quoted company's brand leaders, Scalextric, Hornby Railways, Pound Puppies, and Thomas the Tank Engine, continued to sell well throughout tha year and achieved a high level in the Christmas period.

The chairman went on to report that demand in the current year was strong. Order intake for the first quarter was

intake for the first quarter was more than satisfactory and ahove last year for hoth Hornby and Fletcher (acquired last November). Liquidity remained strong.

Liquidity remained strong.
Cash balances at the year-end were £4.8m (£4m) after the Fletcher purchase.
Turnover in 1988 rose from £20.1m to £23.42m, with the operating profit at £2.44m (£1.91m). Earnings came though at 18.2p (13.8p) and the dividend is lifted from 4p to 5.25p.

tors.

Despite the queries raised by mercing, including the reelection of certain directors and the anditors, were yester-day passed on a show of hands. At the following extraordinary meeting when Mr Darwin again rose—the two motions were also passed.

development programme.

This signals a scaling down

of the ambitions which led

Merlin in 1987 into a triangular relationship with the Hayson interests in Australia and the Enterprise Development Com-pany in the US.

In future Merlin will be con-

centrating on the British marthet, where it has significant development plans in Glasgow, Manchester and Birmingham.

The implication that Merlin

had been forced to sell its Anstralian development interests because it is overstretched led the stock market yesterday to take 21p off the share price.

leaving it to close at 121p.

Merlin yesterday announced that in the half year to December 1988, it incurred a pre-tax loss of £2.47m, although Mr

Durseley Stott, the chairman, added that project sales planned for the second half

meant that the company

Merlin Intl to abandon

its Australian interests By Paul Cheeseright, Property Correspondent.

MERLIN International, the property company specialising in retail centres, is effectively abandoning its Anstralian slide into loss was a sharp

A DISPUTE broke ont yesterday at the annual meeting of Throgmorton Trust, a £300m investment trust, over the company's published net asset value. A barrage of questions from Mr Philip Darwin — who is a non-executive director of stockbrokers Laurence Prustbut stressed he was speaking as a private shareholder taticked the valuation at end-November of 535.2p/per share given in the report Throgmorton, forewarned of the questions, returned a steady stream of explanations. Mr Darwin made his com-

attack

By Nikki Talt

A DISPUTE broke ont

75p.
The first objection rested on that fact that the figure given

allowed for the full conversion of certain loan stock, but made

no allowance for the exercise

of warrants - which, given the terms of both, was "Hogi-

cal", said Mr Darwin. Full dibution, he suggested, would make a difference of at least

Throgmorton replied that it had been guided by the system

used by the consortium of investment trust brokers. It added that the facts had been given in the accounts but accepted that shareholders "did have to search". It said it

Non-consolidated invest-ments accounted for 30 per-cent of the company's total investments. Mr Derwin cited valuations of a number of other companies in similar

sectors to buttress his claim. However, the company denied any overvaluation, claiming that both valuations had been arrived at after

lengthy discussion with Spicer & Oppenheim, the trusts' audi-

year performance.

The main reason for the slide into loss was a sharp increase in expenses to £17.06m

from £1.8m in the 1987 first

Merlin is selling its Austra ian development projects and car park interests to the pri-vately-owned Hayson group for total cash of 230.5m spread out

over three years, from which Merlin will make a net profit of

Apart from releasing resources to concentrate on the UK market, this sale will reduce Merlin's gearing and remove the need to go to shareholders for more capital. At its last year end, Merlin had gearing of 150 per cent. Mr Stott suggested that gearing could come down to 5 per cent. Merlin is not cutting its links with Australia. The Hayson family will continue to be represented on the hoard and the company is retaining its

the company is retaining its stake in the Darling Harbour,

Sydney, retail development.

Apart from releasing

stream of explanations.

Mr. Darwin made his complaints on a number of separate grounds—some of which had to do with valuation of holdings in two imported companies, where a degree of subjectivity is inexitably involved. After the meeting, however, he suggested that the published figure for net asset per share might possibly be overvalued to the time of 75p.

Throgmorton WH Smith sights rides net cash offer for asset value Molinare Visions

By Ray Bashford

WH SMITH- the retail and WH SMITH, the retail and distribution group, is considering making an offer for the 49 per cent of Molinare Visions, the film and video production company, it does not already own.

Directors of WH Smith said, they are planning a cash offer.

This is likely to be not materially in excess of market prices in recent days, they said.

The troubled production

The troubled production company's shares slipped 1p vesterday to close at 25p.

At this price the company is capitalised at 26.85m.

Discussions are being sought with Molinare directors in an attempt to obtain a recommendation for the offer.

dation for the offer.

Molinare is seen as having the potential to play an increasing role in its satellite

and cable television operations.
These would make use of its technical expertise in programming and post production facili-

WH Smith acquired its 51 per cent bolding in June 1967 at 50p a share - which valued the holding at £7m - after Molinare hit financial difficulties.

Previously unknown iosses totaling £2.7m were discovered and a series of acquisitions during 1966 also weakened the company's balance sheet. The company made a pre-tax profit of £160,000 in tha 17

months to May last year. However, in the six months to last November, the company returned a pre-tax loss of £85,000 after making Mr Brian Wiseman, a former chief execu-tive, a payment of £162,000.

Brammer unveils 16.8% rise in profits to £13.4m

By Vanessa Houlder

EARLY SYMPTOMS of economic uncertainty energed yesterday when Brammer, the industrial service group, reported marginally lower-than expected demand in its bearings distribution business. "There are signs of caution in the market place. People are deferring certain expenditure," said Rob Ffoulkes Jones, chief executive.

executive.

However, the company added that its current trading performance, was at least matching that of last year. In spite of the uncertain economic background, it expected to report higher profits for 1989.

Brammer yesterday unveiled pre-tax profits up 16.8 per cent to £13.4m (£11.5m) for 1988. Turnover increased by 14.6 per cent to £112.0m (£97.7m). The rental business, which had difficult years in 1986 and 1987, had a better year overall. However, its operations in France and Germany suffered

"did have to search". It said it would be happy to provide fully-diluted figures next year.

Mr. Darwin's second complaint rested on the provision of £500,000 for the premium on redemption of convertible loan stock of its Fifth Throgmorton subsidiary—arguing that the figure should be higher. Fifth Throgmorton was the vehicle used, in a complex and somewhat hitter battia last year, to acquire the Framington and management business. The stock, issued as consideration, is remdeemable in 1993.

To this, Mr Bob Seabrook, chairman, said that the situation would be reviewed annually. a downturn.

The company has changed its accounting policy on com-puter software and equipment Having beaten its targets in all respects. Hornhy Group, the toy and hobby product maker, reported an increase in pre-trax profit of 31 per cent for 1988, from £1.88m to £2.4m.

Mr Jack Strowger, chairman, said the USM quoted company said the USM quoted company said in planned.

to sell the last of its manufac-turing businesses. It had

responded positively to an

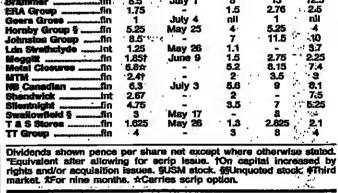
approach for Pope Machinery and Pope Precision Rotors.

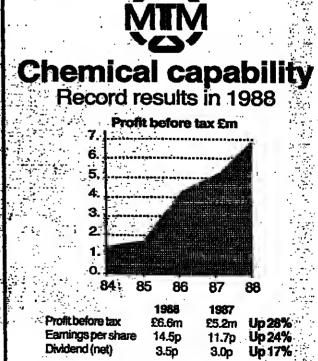
Net borrowing was 8.7 per cent of shareholders' funds. Earnings per share increased by 13.8 per cent to 20.6p (18.1p). A final dividend of 8.5p (8.0p) was proposed, making a total of 13.0p (12.5p).

of Brammer's shareholders, whose rejection of a 420p per-share bid approach four years ago was followed by two years of falling profits. And Patience has long been a virtue of falling profits. And, although these results were ancouraging, they seem, yet again, to promise jam tomorrow rather than today. For this year, Brammer faces a number of challanges. It needs, for example, to consolidate its expanded US pump distribution business, to sort out the teething problems in its Euro-pean rental businesses and to pean rental businesses and to encourage better management of its rental inventories. On the upside, however, it has a secure, broadly-based business with a well-developed European network that should put it in a genuinely strong position for 1992. Concerns about economic uncertainty should not be overdone at this stage are its stage of the form. indicated the company of the company should make profits of sain that year. That puts the market, which fell 10p to 27p, apparently demanding rating

is supported by a generous pro spective yield of 6.5.

DIVIDENDS ANNOUNCED Total





"The whole Group is now polsed to enter a new era of expansion with a strong management team, a flow financial base, and clear objectives. We believe that within the chemical industry there is enormous ... scope for the continued expansion of MTM. Richard Lines, Chairman

> MTM Plc - Rudby Hall - Hutton Rudby Yarm · Cleveland TS15 0JN

Garfunkels provides boost as Belhaven hits £8m

BELHAVEN, the restaurant group which recently sold its brewing business to Control Securities, yesterday announced pre-tax profits of £8.05m for 1988 compared with 26.91m in the previous nine month period, writes Lisa

Turnover amounted to £63.29m (£42.78m) with Garfun-

kels, the 111-strong restaurant chain, contributing £52.71m (£32.6m) and Belhaven brewery

£8.71m (£8.7m). Overall operating profits of £7.85m (£6.41m) included a contribution of £8.1m (£5.56m) from Garfunkels. Belbaven hrewery, however, made an operating loss of £21,000 (profits of £914,000). Belhaven sold its brewery to Mr Nazmu Virani's Control Securities last December for

12.5m Control shares. These were sold in March for £7.5m.
Extraordinary items of £1.42m (£44,000) included E523,000 relating to compensa-tion paid to Mr Raymond Miquel, who quit the business last year, and associated costs

of management re-organisation. A further £1m was writ-ten-off on losses and costs from the disposal of the brewery and £66,000 on an abortive acquisi

Earnings per share were for the year to LIp (0.75p).

2.91p compared with 2.59p and a proposed final dividend of 0.65p brings the total dividend

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METAL CLOSURES GROUP PLC

INTERNATIONAL PACKAGING AND PRINT SPECIALISTS

Preliminary Announcement of Results (Unaudited)

Year to 31st December 1988

	1988 £m	1987 £m.	% change
Turnover	114.9	102.9	+12
Profit before taxation	7.6	6.8	+12
Earnings applicable to ordinary shareholders (excluding extraordinary items)	3.8	3.0	+26
Extraordinary items after taxation	4.5	0.1	
Earnings per share	14.9p	11.8	+26
Final dividend	5.8p	5.2 ₁	+12
Net asset value per ordinary share	143p	124	+15

The Chairman, Mr. Richard Graves reports:

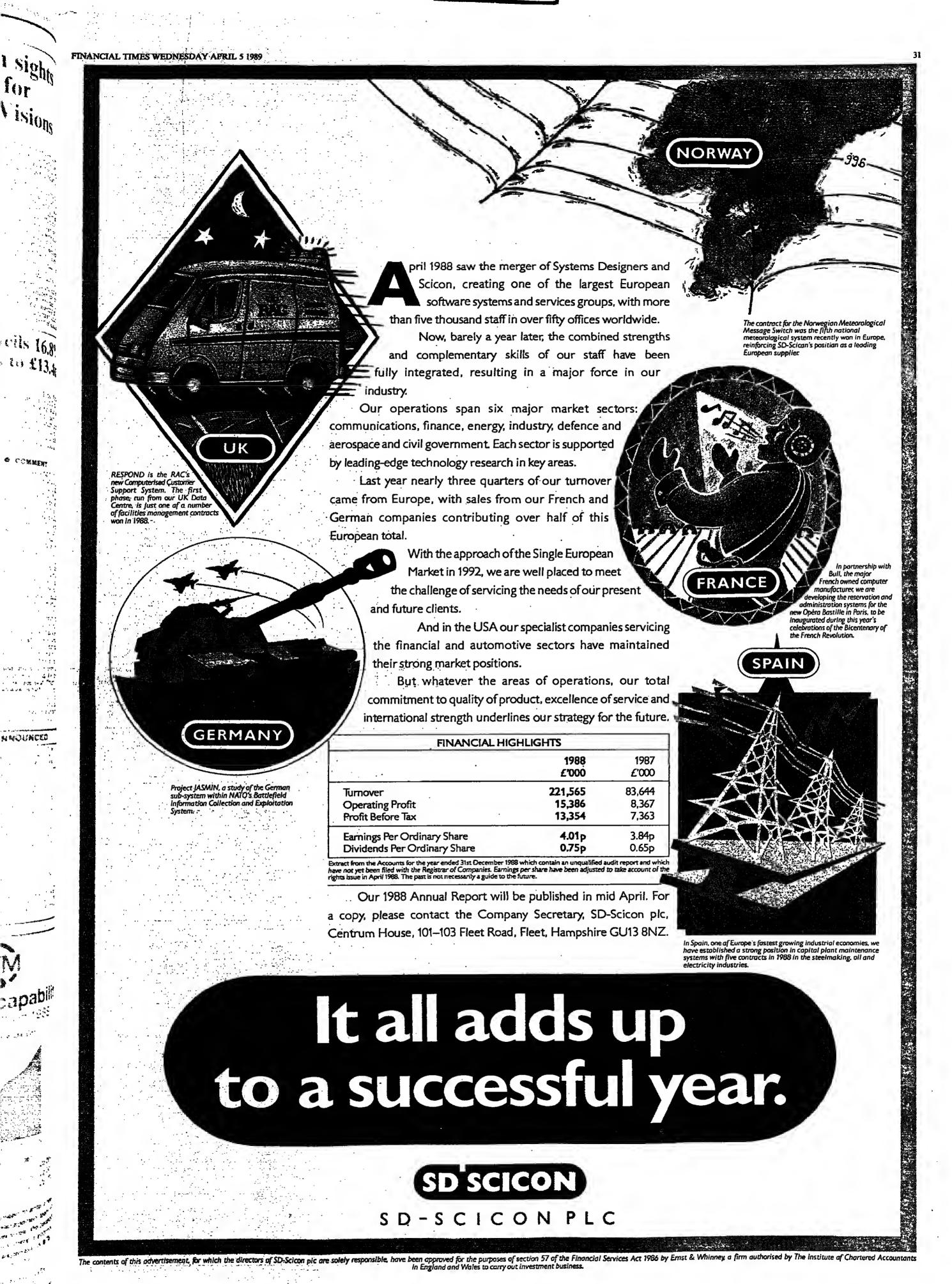
- * Record level of pre-tax profit
- * Successful expansion in the pre-press services market
- * Strong balance sheet
- * Benefits of investment continue to become evident although outlook clouded by

exchange rate and interest rate uncertainties.

Copies of the Annual Report and Accounts 1988, which will be posted to shareholders around 17th April 1989, may be obtained from the Secretary, Metal Closures Group plc, P.O. Box 32, Bromford Lane, West Bromwich, West Midlands B70 7HY.

The foregoing financial information does not amount to full accounts within the meaning of Section 254 of the Companies Act 1985. Full accounts for 1987 with an unqualified audir. report have been filed with the Registrar of Companies.

BOARD MEETINGS



WESSANEN

Koninklijke Wessanen NV

1989 Annual General Meeting

The Annual General Meeting will be held at the Okura Hotel, Ferdinand Boistraat, Amsterdam at 2.30 p.m. on Thursday,

The Meeting is open to holders of Priority shares, Registered Ordinary shares and Bearer Depositary Receipts, and to representatives of the Press upon presentation of their press

As provided for in Article 28, clause 6 of the Articles of Association of the Company, holders of Bearer Depositary Receipts for shares of Koninklijke Wessanen NV issued by the Stichting Administratiekantoor van aandelen Koninklijke Wessansn NV are entitled to strend the Meeting in person, or to be represented by a proxy appointed in writing, and may address the Meeting, provided that they have lodged their Bearer Depositary Receipts or a receipt given therefore with the Amsterdam-Rotterdam Bank NV, Herengracht 597, 1017 CE Amsterdam, the Netherlands by April 17, 1989 and have obtained a receipt which will serve as a card of admission to

Copies of the Annual Report and the Annual Accounts 1988 ars evaliable et the offices of Koninklijke Wessanen NV and, in the United Kingdom, at the offices of Cazenove & Co. European Dept., 12 Tokenhouse Yard, London EC2R 7AN.

Agenda

- Report of the Board of Managing Directors for 1988.
 Adoption of the 1988 Annual Accounts, including the
- appropriation of 1988 net income.

 4. Extension of the authoritative powers of the holders of priority shares with respect to the issue of shares and the restriction or exclusion of preferential subscription rights.

 5. Authorization of the Company to acquire its own shares or
- depositary receipts for its own shares.
 6. a. Fleappointment of members of the Supervisory Board

b. Appointment of a member of the Supervisory Board 7. Any other business and closing.

The Board of Managing Directors

April 5, 1989

Koninklijke Wessanen NV P.O. Box 410

1180 AK Amstelveen



NOTICE TO ADVERTISERS

NEW FT FAX NUMBER From Monday 20th March

The Advertisement Production Fax Number is:

(01) 873 3063 · ·

UK COMPANY NEWS

Elders High Court battle to block the creation of Europe's largest packaging group | Silentnight

MB Group fights for £830m merger

By Raymond Hughes, Law Courts Correspondent

MB Group yesterday asked the High Court to sanction the proposed £830m merger between Metalbox Packaging, its pack-aging subsidiary and Carnaud, the French psckaging com-

The Anglo-French merger under which a new company, CMB Packaging, would become Europe's largest packaging group, should have taken effect on Saturday.

However it has been blocked

by Elders Investments, a sub-sidiary of Mr John Elliott's Elders IXL brewing, farming and finance group, which holds five per cent of MB's ordinary shares and 25.06 per cent of MB's warrants which entitle it to buy another 1.2 per cent of

the shares.
Although Elders is a rejected suitor - its earlier attempts to huy the packaging division having been firmly refused by MB's board its current motives for trying to block the merger remain unclear, as it is no longer trying to huy the mackaging internets. It seems packaging interests. It seems to be chiefly concerned that the deal will not give sufficient value to shareholders, an argument which MB is anxiously

irying to refute.

Mr Richard Sykes, QC, for MB, urged Mr Justice Harman to disregard Elders' objections that the scheme deprived it of its legal rights as a warrant

Mr Sykes said that the overall effect of the scheme would be that MB's shareholders would end up owning 100 percent of its non-packaging activ-

PRE-TAX profits at Metal Closures Group, the packaging and printing company, rose to £7.64m last year, a 12 per cent improvement over 1987.

The increase was achieved in spite of the strength of ster-

ling, which caused a reduction

of fim in pre-tax profits on translation of overseas

In addition, £1.4m was written off against reserves in rela-tion to the group's overseas

On the other hand, profits were boosted by a pension fund holiday which added £796,000

Turnover was adjusted

downwards by £5m to reflect the closure of the London Col-

ney aluminium stog operation

in 1987. On this basis, sales

rose by 17 per cent to

In Angust, the group received £7m on the disposal of related land and, after

to profits.

By John Ridding

During his opening of the case Mr Richard Sykes said to the judge: "You might ask, what is Elders up to?"

Mr Justice Harman: "Pursuing its own interests, I assume—
ie, making money. Is that not a proper and ordinary avocation of all reasonable people?"

Mr Sykes: "Well, of investors."

The judge: "Dr Johnson said a man is never so innocently employed as when he is making money. Well, that is right."

(Dr Johnson: "There are few ways in which a man can be more innocently employed than in retting money."). be more innocently employed than in getting money.").

Mr Sykes said that, as pro-posals to warrant holders had to be approved by a 75 percent majority, Elders had a blocking minority holding, about half of which it had acquired after the posting of the scheme docu-ment in January so as to defeat a proposal to be put to warrant holders under the scheme.

That proposal was that the holders could either exercise their warrants early at a reduced price or exchange them for warants in new MB

At a warrant holders' meeting on February 15 the proposal wes defeated, even though over 99 percent of the votes, other than Elders', were cast in its favour.

"The company was naturally concerned both that the

tax, this formed the bulk of a £4.5m extraordinary

Earnings per share grew by 26 per cent to 14.9p.

has been proposed giving a total for the year of 8.15p

(7.4p). Mr John James, Managing

Director, said that sales had improved across the group's operations and that its Italian and South African com-

panies returned record

The group did not give a breakdown of production and

sales by area but said that

overseas turnovsr accounted

for about 40 per cent of the

around 29m.

During the year capital

This included expenditure in

A final dividend of 5.8p (5.2p)

scheme it considered to be in the interests of the ordinary shareholders should not be jeopardised, and also that holders of warrants should not be

Metal Closures improves 12% to £7.64m

and an interest in the merged packaging business.

It had been approved by an also offering similar terms, but put forward new propos-als, offering similar terms, but overwhelming majority at ashareholders meeting on Feb-ruary 24.

of any resolution.

The present position was that 8,966,701 of the 16.52n warrants had been exercised, the holders of 1,526,413 had sccepted the exchange offer and 1,841,066 warrants had been purchased by MB.

Mr Sykes said that the warrant contracts contained a number of coverants. One was

number of covenants. One was that MB would keep available sufficient unissued ordinary shares to enable warrant hold-ers' rights to be satisfied. Another was that the company would use its best endeavours to maintain a listing for its ordinary shares on the Stock Exchange.

The passing of the resolution at the February 24 meeting hreached the first covenant since all the unissued ordinary shares had been cancelled

If the scheme became effec-tive the second covenant also would be breached.
Mr Sykes said that Elders
had acted differently at differ-

now in operation in the Mid-lands, Italy and South

The group's operations in the pre-press services market were expanded through the

acquisition of three com-

panies previously owned by

According to Mr James, these performed in line with budget and made a pos-

itive contribution to pro-

Last year saw a slowing of Metal Closure's recent rapid growth rates and 1969 is likely to put the brakes on further. With a significant proportion

of profits coming from over-

seas, and South Africa in par-

ticular, the continued strength

. COMMENT

ent stages. First it had bought about five percent of MB's ordi-nary shares in a covert operation through a string of overseas companies. After the scheme document

had been posted it had bought more warrants. It had then found some part-

ners and made a proposal to buy MB's packaging division — which had been decisively rejected by MB's board.

Elders currently opposed the scheme on the ground that the scheme document did not pro-vide shareholders with necessary information and that shareholders had not been properly informed about the new proposals to warrant holders and the affect of the

hreaches of covenants.

Mr Sykes contended that the scheme document contained all necessary information and that it had not been necessary to give shareholders more infor-mation than they had received about the warrant proposals.

He said that Elders' com-plaint should not be taken seri-ously because it had not beenmade before the shareholders' Its complaint as a warrant

holder also was unfounded. There had been an irremedia ble breach of the warrant hold-ers contract covenant, but a breach of contract with a third party was not necessarily a reason for refusing to sanction a scheme, Mr Sykes contended.

Mr Justice Harman commented that he was uncertain

translations. Domestically, any impact that higher interest rates have on consumer expen-

diture will soon be felt hy Metal Closure. On top of this, its pensions holiday is drawing to a close. The company itself seems to be doing the right

things. Its expansion into the

rapidly growing pre-pressed market is likely to improve returns as are last year's

investments in plastic closure operations. The benefits of these investments and related

these investments and related acquisitions should become evident this year and with gearing at 22 per cent there is scope for further expansion. The factors outside the group's control, however, imply profits of no more than 58m. This puts shares on a multiple of 13 which gives that they better the

which, given that Suter, the

industrial holding company, has increased its stake to over 26 per cent, includes a



John Elliott: Elders holds

Mr Sykes said that in the circumstances the scheme should be sanctioned. The fundamental breach had already occurred and the proposals to warrant holders had been defeated only because Elders had bought warrants to achieve that result.

MB has put in place new proposals to protect warrant holders and enable them to enjoy the same benefits as orig-inally offered to them. If has also offered to purchase war-rants so that holders do not suffer."

It had offered to pay compensation and was ready to under-take to the court to do so. In the case of someone like Elders "monetary compensation is fair," Mr Syles argued. The hearing continues today.

Johnston Group advances to over £8m

The dividend for the year is being lifted by 1.5p to 11.5p via a final of 8.5p from earnings of a final of 8.5p from earnings of 48.03p against 42.63p previously. At year end net asset value per 19p ordinary was 71p higher at 383p.

The engineering division as a whole improved its performance while the US subsidiary reduced. Its losses with

in the UKI the steeper tem-pany overcame the manufac-turing difficulties which had affected 1987, and return was being looked for in

Profits of Johnston Group, the Survey based civil and mechan-ical engineer, rose from £7.29m to a record £8.07m pre-tax for 1988. Turnover was some £20m ahead at £99.14m.

reduced its losses with the current year expected to show a continued improve-

1989. The civil engineering supplies division enjoyed a good year.

fair degree of hid specu-Swallowfield on target

SWALLOWFIELD, the aerosol manufacturer, has comfortably achieved its profit forecast and is paying the promised 3p divi-dend for 1988. It joined the USM last October.

ings were 14.6p (10.2p).
Mr Tony Wardell, managing director, said although it was a difficult year for the industry Swallowfield more than main-tained market share hy push-

pellant.

ing up unit sales by 8 per cent. preparation as in the US.

advances 32% to top £11m By Andrew HIII

SILENTNIGHT Holdings, the SILENTNIGHT Holdings, the bed and furniture maker, yesterday unveiled a 32 per cent increase in pre-tax profits to \$11.1m in the year to January 28, despite the impact of higher interest rates and new flammability regulations.

Mr Christopher Burnett, this executive, warned that

chief executive, warned that rules on the flammability of furniture fabrics, which come into force in March 1890, could again delay the supply of new furniture to retailers in 1989.

Earnings rose from 11.58p to

15.87p and the recommended final dividend is 4.75p, making 7p (5.25p) for the year.

Silentnight also amounced a deal with its major customer, Lowndes Queensway, the furniture store chain. The contract — to deliver beds direct to customers' homes aims to cut delivery time down

to about 16 days, against the present eight to 10 weeks. Mr Burnett said he hoped the deal would double sales through Queensway to about £10m, and encourage the store's competitors to install direct delivery systems.

Ironically, trading and management, problems at Queen.

agement problems at Queen-sway held back Silentnight's sales during 1988-89. Group turnover rose 20 per cent from £105.6m to £126.99m — excluding Queensway, sales increased 25 per cent. Beds turnover rose to

£76.7m (£65.5m), sales of cabinets to nearly £17m (£7.85m), and international turnover and international turnover from 26.88m to 27.19m. Uphol-stery sales rose to £24.6m (224.2m).

The group said the benefits of acquisitions made during 1988 and in the first half of 1989-90 should come through this year.

this year. .

COMMENT

The fact that Queensway is the first major retailer to use Sileninisht's computerised direct delivery system is slightly unfortanate, given the store group's turbulent recent history. But the theory behind the deal is sound, and should demonstrate once again the strength of Silentnight's marketing and promotion strategy. For most analysis that is enough to offset the caution of the full-year statement. Silentnight hopes to forestall problems, caused by new flammability. Tegulations, by supplying furniture which meets the new rules from midsummer, but an unfavourable economic climate and slackening consumer demand are less entnight's computerised direct ing consumer demand are less easy to bandle. Forecasts for easy to name. Forecasts for 1989-90 of £12m or £13m before tax put the shares, unchanged at 170p yesterday, on a prospective p/e of 9.5 or 10 — worth keeping an eye on over the next few months with a view to buying in the longer

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BAe foreign limit breached

Foreign-held shares in British Aerospace have once again breached the 15 per cent Gov-ernment-imposed limit

The company was informed by its registrar that 38,497,411 shares, representing 15.04 per cent of the share capital, were in foreign hands. The company will now instruct those foreign investors holding shares in excess of the limit to sell their holdings.

This advertisement is issued in compliance with the Regulations of the Council of The international Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the entire issued share capital of The Property Company of London PLC. It is expected that dealings in the Ordinary Shares will commence on 10 April, 1989.

THE PROPERTY COMPANY OF LONDON PLC

(formerly HOUSE PROPERTY COMPANY OF LONDON PLC) (incorporated in England under the Companies' Acts 1962 to 1983 Registered No. 21813)

> Introduction to the Unlisted Securities Market sponsored by

ANZ McCAUGHAN SECURITIES (UK) LIMITED

SHARE CAPITAL

Authorised £9,050,000

Ordinary Shares of 50p each £6,556,321.50

The Property Company of London PLC is engaged in the development of residential and Particulars of the Company have been circulated in the Extel Statistical Service and copies may be obtained during normal husiness hours from:

> ANZ McCaughan Securities (UK) Limited 65 Holborn Viaduct

London EC1A 2EU Member ANZ Group

Alexandra.

for the 52 weeks to 28th January 1989 1989 1988 £'000 £'000 incress SALES 49,396 40,697 +21% PROFIT BEFORE TAX 6,266 5,057 +24% EARNINGS PER SHARE 12.5p 10.0p +25% DIVIDEND PER SHARE (NET) 3.9p 3.2p +22%

Summary of Results

Commenting, Chairman John Prior said:

* Another successful year for the Group, substantial increase in profit and turnover.

* Proposed final dividend 2.55p (net) total 3.9p. * Continued expansion into new markets.

* We can look forward to the Group's continued

growth and another good year. Alexandra is Europe's leading supplier and manufacturer of quality workwear and career wear. Catalogues and copies of the Annual Report are available from the address below

ALEXANDRA WORKWEAR ple Alexandra House, Putchway, Bristol BS12 5TP (0272) 690808

80STON EQUITY INVESTMENT FUND, SICAV 41, Boulevard Royal Lucembourg R.C. LUXEMBOURG 6 25254

Issued and

fully paid

Notice is hereby given that the extraordinary general modiling of eherebolders will be held at the registered office 41. Bird. Royal, Lucembourg, on April 13, 1969 at 10 a.m. with the following agends:

- Amendments of the articles 1, 2, 3, 5, 8, 9, 12, 18, 19, 20, 21, 22, 23, 24, 25 of the Articles of Incorporation of the Company in order to conform them to the law of March 30, 1998, more specifically to Insert the Investment policy and its restrictions such as authorised by the said law.

Cancellation of article 17.

Appointment of two now members of the Beard of Directors, Mr. Peter 1 ROBB. Vice-President, The First National Bank of Boston, Boston, Ma. USA and Mr. Kenneth & IntGRAM, Vice-President, The First National Bank of Boston, Boston, Ma., U.S.A.

The resolutions may be passed with a minimum quorum of fifty per cent of the issued shares by a majority of two thirds of the votes cast thereon at the

A shareholder entitled to altered and vote at the meeting may appoint a phosy to estend and vote on his behalf and such proxy need not be a share-betder of the Fund. A copy of the new version of the pro-posed strictes of incorporation is available for insocction at the regis-tered office of the Company where a copy may be obtained.

By order of the Board of Directors

climbs 24% to £6.27m By Vanessa Houlder ALEXANDRA WORKWEAR, Earnings per share increased ALEXANDRA WORKWEAR, the largest workwear manufac-turer in Europe, yesterday announced a 24 per cent increase in pre-tax profits from by 25 per cent to 12.5p (10p). A final dividend of 2.55p per share brings the total dividend

Alexandra Workwear

support of the DUET plastic of sterling will constrain closure operations which are exports and depress profit

\$5.06m to \$6.27m for the year to January 28.
Increased delivery costs due
to the postal strike knocked
about £100,000 off profits. The strike also delayed the posting of the autumn catalogue. Mr John Prior, chairman and chief executive, said that the impact of the strike was minimised

and sales continued to develop satisfactorily.

satisfactorily.

Overall, sales increased by 21 per cent from \$40.7m to \$49.4m.

This was made up of a 23 per cent rise in UK sales to \$46.8m and a 1 per cent rise in overseas sales to \$2.6m.

The retailing activities have been expanded with new shops in Dundee, Nawcastle and Bournemonth, bringing the current number of shops to \$4.

Alexandra is due to open a combined shop and sales office

combined shop and sales office in Paris in May. The company's gearing increased from 21 per cent to 23 per cent. The return on capital was unchanged at 48 per

for the year to 3.9p (3.2p), an increase of 22 per cent. · COMMENT An enthusiastic City following

and a generous rating are rare attributes in a textile manufac-turer. But - as these results confirmed - Alexandra has little in common with the traditional textile industry. It is insulated from imports and should not suffer from the consumer squeeze. Furthermore, it is enjoying a growing market - thanks to the increased popularity of 'house style' clothing and a move towards multiplace outfits. On top of that, Alexandra's strong reputation for service may give it room to improve its market share of near 30 per cent. Meanwhile its expansion into France is seen as a useful source of future growth, even though the bene-fits are unlikely to be evident for a couple of years. Analysts expect pre-tax profits of £7.5m this year, which puts the shares, op 5p to 191p, on a fully valued p/e of 13.

Gardiner in £9.6m buy

By Andrew Hill

GARDINER Group, distributor of security products, is to buy Bridgend Group's security division for £9.5m in cash — \$500,000 more than Bridgend's market value.

market value. The deal - funded by a one-for-two rights issue, raising £9m - will leave Bridgend with its electrical wholesaling division intact, and with cash to expand with further acquisitions in the same field. Electrical wholesaling corrently

accounts for only 30 per cent of the group's turnover. Last August Gardiner rejected an offer from Bridgend in favour of a bid for 40 per cent of its shares from two other security groups, Automated Security (Holdings) and Scantronic Holdings. It first announced it had approached Bridgend in February.

Both ASH and Scantronic will take up their full entitle-

ment of shares in the rights

Yesterday's move could leave the smaller Bridgend vul-nerable to a full bid from predators interested in making a disguised rights issue hy buying a cash-rich company. Yesterday Bridgend's shares rose from 59p to 83½p and Gar-

diner's from 51p to 55p, compared with the rights issue price of 45p.

Gardiner is buying Bridge end's Associated Trust Hold-ings, Elsac and Bridgend Tech-nologies subsidiaries, wholesalers, distributors and

manufacturers of security products in the UK and the

Irish Republic.

A further £300,000 could be paid if the security division's assets vary from £3m, while the payment will be reduced if the division's gross profits are less than £2.7m in 1988.

and pays promised 3p

From turnover of 214.37m

(£12.78m), pre-tax profits came to £1.92m, compared with £1.85m forecast and with £1.84m attained in 1987. Earn-

Own label business for many of the foremost high street companies gained particularly well. The new bag-in-can prod-ucts had a good first year— this process has the advantage of not mixing product and pro

The group is installing an anti-perspirant/deodorant stick plant which should be in production this month. Anti-perspirant/deodorant aerosols are the most difficult to reformulate with non-CFC gasses, and Swallowfield believes that con-sumers will demand a stick

This advantagement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Eingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities. Application has been made for all the Ordinary shares of 5p each ("Ordinary shares") and the 6,25p Convertible Preference shares of 5p each ("6,25p Convertible Preference shares") of Hodgson Holdings pix to be admitted to the Official List. It is expected that such admission will become effective and that dealings will commence in the Ordinary shares and the 6,25p Convertible Preference shares on 10th April, 1989.



HODGSON HOLDINGS plc (Registered in England under the Companies Act 1917 No 187050)

Introduction to the Official List of 20,189,949 Ordinary shares and 15,545,103 6,25p Convertible Preference shares

Share capital

Ordinary shares of 3p each 6.25p Convertible Preference shares of 5p each 8.5p Convertible Preference shares of 5p each

Issued and fully paid . 20.189.949 15,545,103 15,000,000

15,000,000 The principal business of Hodgson Holdings plc is that of funeral directors,

histing particulars relating to Hodgson Holdings plc will be available in the statistical service maintained by Extel Financial Limited from 10th April, 1989, and copies may be obtained during normal business hours on 10th April and 11th April, 1989 at the Aunouncements Office of The Stock Exchange and during normal business hours on any weekday (Saturday and public holidays excepted) up to and including 24th April, 1989

UBS Phillips & Drew Securities Limited 100 Liverpool Street, London EC2M 2RH

The Oaklands, 2 Holyhead Road, Handsworth, Birmingham,

Authorised

40,000,000

Hodgson Holdings plc B21 OLT.

UK COMPANY NEWS

Benefits of aggressive acquisitions policy only partially reflected

Meggitt advances 29% to £21m

MEGGITT HOLDINGS, the E34.4m, made a contribution specialist engineering group, boosted pre-tax profits 29 per-cent from £16.8m to £21.1m

The result was posted after a 17 per cent growth in turnover to £194.5m, compared with £166.6m in the previous 12

Earnings per share increased from 9.3p to 10.4p. The board is recommending an improved final dividend of 1.85p making the total 2.75p. (2.55p.) the total 2.75p (2.25p).

Mr Ken Coates, managing director, said the company had achieved its aim of focussing on four principal areas, aero-space and defence, controls and instrumentation, electron-ics and energy engineering, all of which made increased con-

The benefits of the aggressive acquisitions policy, which led to £70m of purchases during the year was only partially reflected in the performance.

Microsyatems, the ucts group, acquired for

Return to

acquisition

By Graham Deller

trail for TT

TT GROUP, the industrial

fasteners, aerospace compo-

nents and packaging group,

has conditionally agreed to acquire Newship Manufactur-ing from Mr John Newman and Mr Nicholas Shipp, the management dno which gained control of TT in Febru-

ary 1988. The deal, which values New-

ship at about £12.7m, com-

mount a general offer under Rule 9 of the City Code. The deal is also subject to share-holders' approval.

Newship is engaged in the manufacture of products for the construction industry together with a metal finish-

ing service. During 1988, it achieved pre-tax profits of £1,63m on turnover of £12,7m.

Net assets at the year-end amounted to some £2.5m.

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TT, the former Tyrack

announced preliminary results for 1988 which showed pre-tax

profits sharply higher at

23.58m (£1.1m) on turnover ahead 67 per cent at £28.08m. Earnings per share expanded to 20p (14.1p) and the dividend is raised to 8p (4p) through a proposed final of 4p.

The ontcome exceeded the group's own forecast of £2.28m made at the time of its take.

group's own forecast of £2.25m made at the time of its takeover last August of Beatson Clark, the glass and plastics packaging manufacturer. Mr Timothy Reed, chairman, said: "A major rationalisation programma should lead to a significant enhancement in profitability at Beatson Clark in the current year."

春 C C 場別EN!

growth in turnover to £82.8m (£72.8m), despite the difficulties that it and other defence contractors has experienced in delays with Ministry of

electronics divisions.

The civil aerospace businesses were able to counter easily the impact of MoD delays and grew amid increased activity in the US, and continental european

for only two months to the con-

trols and instrumentation and

Aeroepace and defence operations saw a 14 per cent

Control and instrumenta-tions was the second biggest contributor to turnover which rose by 10 per cent to 246m

The managing director expected this division to advance strongly during the current 12 months following several acquisitions. The energy engineering divi-sion recorded the biggest per-centage improvement in turn-

Ken Coates: focussing on four principle areas

over, advancing 32 per cent to £23m (£17.5). This was achieved without acquisitions and orders are strong for the cur-

The purchase of Microsys-tems had the greatest impact on the Electronics division which saw a relatively modest 6 per cent improvement in turnover to £7.14m (£6.71m). COMMENT These results contained no sur-

prises which is only fitting for Meggitt appears set on a course of solid but unexciting growth in the chort to medium term. There is little to grumble about in these figures or in the record for growth over the past five years. However, Meggitt appears destined to be a small player in a diverse range of businesses where major corpo-rate forces dominate. Tha acquisitions made in the 12 months under review will bear fruit in the current year and with gearing down to 5 per cent there is room for further cash purchases. Alert management has minimised the interest of delays to MCD. impact of delays in MoD con-tracts and the civil aerospace business shows every indication of making a strong contri-bution for the remainder of the year. Forecasts of pre-tax prof-its of £27.5m for the current

year gives a prospective mul-tiple of 10 which makes the shares interesting for those

Shandwick shows good growth

SHANDWICK, the acquisitive UK-based public relations company, yesterday announced pre-tax profits of 25.5m in the first six months to end-January. The figure was scored on operating income of 230.9m. The profits figure compares with £3.1m in the first half of

1987-88, but part of the increase reflected acquisitions. Yester-day, Shandwick declined to break out the precise impact of these, but said that organic growth had exceeded 20 per cent. It added that some 400 clients and worth over £10m in fee income were won in the first half.

prises £2.15m cash and the allotment of 4.26m new TT shares pina a dividend of £338,000 to the vendors. At the earnings per share level, there was a 15.9 per cent increase to 21.9p after a 34.5 On completion, Mr Newman and Mr Shipp will control 32.6 per cent of the enlarged group and will seek confirmation from the Takeover Panel that they will not be obliged to (35.1) per cent tax charge. The interim dividend goes up by one-third to 2.67p a share. However, Mr Peter Gummer

the company's chairman, indi-ciated yesterday that the pace of acquisitions would now slow significantly, "Shandwick's network is substantialy com-plete," he commented. The company still has a few

areas where it would like to add businesses but such deals would be relatively modest. Shandwick said that the interim profit was struck after over £500,000 additional expenditure on its financial and administrative infrastructure. It also said that second half trading had begun well with

signs of marketing co-opera-tion between the international

regions and their offices.

* COMMENT

There were few surprises in the Shandwick figures yes day, but - in the wake of the Sazichi warning - even a little good news goes a fair way in the sector these days, and the shares duly added 6p at 566p. That can probably be explained by the dividend increase · more generous than most analysts expected and the bullish trading statement. The highlighting of Shandwick's attention to financial controls was also probably testiment to the company's PR skills. Even if such measures add to costs, inves-

tors may find this preferable to any potential mishaps. For the future, the company seems to future, the company seems to be indicating greater reliance of organic growth, suggesting its industry is growing at over 20 per cent per annum, whilst alsopointing to the defensive merits which its spread of cus-tomers provides. Some ana-lysts remain slightly sceptical-remembering the propensity of marketing services companies marketing services companies to sieze opportunities which present themselves despite stated policies. Moreover, in the face of general worries about earnout deals, maximum future payments of around 250m - now, post-Golin through to 1994 - may still cloud senti-ment. If the full-year profits total is around £14.5m, the shares are on a 10 times rating which - adjusting for year-ends that may be a touch below the sector average. However, the shares have already had a strong run since December. In short, there may be a little more to go for short-term, but the bulk the rerating seems

AC Holdings in £0.77m expansion

AC Holdings, the former AC Cars which has been turned into a small financial services business, is acquiring the Bam-ford Brandt fund management business. This manages funds for pension funds, private cli-ents and offshore unit trusts and had funds under manage ment of 552m at end-March.
AC is paying an initial \$774,000, comprising £450,000 cash and the remainder via the

issue of 405,000 shares.

AC will pay an additional cash consideration equal to the amount by which Bamford Brandt's audited net assets at end-March exceed £450,000.

BET disposal

BET, the international support services company, has sold Rediffusion (Hong Kong) and its properties to companies in Hong Kong owned by Mr T T Tsui for HK\$ 123m (around

News Digest

GEERS GROSS

Keeping up recovery with £0.48m

GEERS GROSS, the advertising agent and consultant, continued its recovery in 1988 and for the 12 months returned profits of £479,000 pre-tax.

That compared with a loss last time of £3.96m and was struck on turnover reduced from £99.5m to £41.1m. After a nil tax charge (£361,000 credit) and an

extraordinary profit of £335,000 (£3.4m), earnings per 10p share worked through at 5.38p (loss 1.16p). Before extraordinary items earnings per share came out at 3.17p against a loss last

our at 3.17p against a loss last time of 23.78p.

In line with the forecast at the interim stage, the directors are recommending a return to dividend. However, they think it prudent to start slowly and therefore a final of 1p. The directors believed the

recovery was due to a number of elements. The group had consolidated its resources back to the UK

and important new business had been gained, starting with General Accident last year. The growth had steadily continued, they said, with business gained from companies including MFI, Schreiber, Hygena, Royal Doulton, Nintendo, AEG, Mello and Kraft.

Also, a number of clients which had been lost were now considering returning to the fold, and international
Marketing Corporation, the
group's sales promotion
subsidiary, had turned in
satisfactory results.

LDN & STRATHCLYDE **Expansion** in opening half

In the half year ended
February 28 1989 London &
Strathclyde Trust improved
its earnings from 2.14p to 3.29p,
and is raising the interim dividend from 1.1p to 1.25p.

On the asset side, net value per share rose 11.4 per cent, from 259.9p to 289.1p, compared to increases of 14.4 per cent and 6.3 per cent respectively in the FT Actuaries All-Share Index and Standard & Poor's 500 Index (adjusted for exchange rates).

Liquidity restrained performance, particularly in the second quarter, the managers explained. On a 12

month view, the trust had marginally outperformed the Gross revenue for the period grew to £917,000 (£703,000) £480,000 (£314,000).

> **Profits climb** to £3.04m T&S Stores reported pre-tax profits up from £2.43m to £3.04m for 1988, on turnover

T&S STORES

ahead 35 per cent from £95.9m

to £129.59m.
Although the company started 1989 with 10 per cent fewer stores, total sales are already slightly ahead of last year and a store modernisation programme will be complete by early summer. The extra cigarette stocks purchased in anticipation of a budget increase in tobacco duty that did not materialise will have an adverse effect on the interim results, but sales are expected to benefit in the long

A final dividend of 1.625p is proposed, making 2.625p (2.1p) for the year.

PEEL HOLDINGS Placing of

debenture stock

Peel Holdings, property group, is to issue £100m 9% per cent first mortgage debenture stock 2011 by way of a placing. The new stock will be a fourth tranche of the existing stock,

of which, following the placing, there will be £200m in issue.

The gross redemption yield of the new stock will be set at 1.55 per cent above the gross redemption yield at 3pm yesterday on 9 per cent Treasury stock 2008. Proceeds of the issue will be used to refinance variable

rate borrowings and to fund further property developments Brokers to the issue are Rowe & Pitman.

NB Canadian

Net assets and earnings ahead

Net asset value per 25p share of the North British Canadian Investment Company stood at 483.5p at February 28 compared with 435.9p 12 months earlier.

Available revenue for the year advanced to £516,494 (£553,016), equal to earnings of 9.13p (8.19p). A final dividend of 6.3p raises the total from 8.1p to 9p.

Lexterten restrict Era to £4.6m

By David Waller

PROBLEMS AT its Lexterten snbsidiary resulted in Era Group, the retail company formerly known as The Times Veneer, reporting a 15 per cent fall from £5.38m to £4.6m in pre-tax profits for

Three of the company's four retail businesses did well last year, driving turnover turnyear, driving turnover turnover np from £50.07m to £67.25m. Although earnings per share fell from 6.82p to 5.53p, the directors recommend a final dividend of 1.75p, making 2.75p for the year — an increase of 10 per cent

The pre-tax figure included £615,000 from property transactions and a £455,000 profit from share dealings. It was arrived at after charging £803,000 in exceptional costs relating to Lexterten, the reproduction furniture subsid-

Lexterten's thrhover climbed from £14.32m to £15.56m, but a profit of £1.66m turned into a loss of £839.000. The company both makes

and sells furniture, and it was on the production side that it experienced its difficulties. The Kohnstam subsidiary which incorporates the Beat-ties chain of model and hob-bies shops – produced record profits of 24.69m, up from £3.61m.

The problem at the furniture company meant that increased trading levels could not counteract the margin slippage which resulted from the pro-duction problems; there was also the exceptional charge, of which £231,000 corrected overvaluation of stock at the end of 1987 and a further £252,000 arose because of another stock adjustment after a physical stock count at the d of 1988.

The company said that prob-lems arising at Lexterten have been and are being "urgently addressed" by a new manage-ment team; meanwhile, the board's confidence in the future, buttressed by a strong balance sheet, was enough to justify the increase in the divi-dend.

Problems at Disappointing joint venture limits MTM advance to 27%

MTM, the specialty chemicals Toluene, a principal raw mate-manufacturer, yesterday rial, and also to difficulties in manufacturer, yesterday announced a 27 per cent rise in pre-tax profits for 1988 to £6.6m despite a disappointing perfor-mance by Norsochem, its joint venture with Orkem of Ргапсе.

Turnover, including including its 50 per cent share of Norsochem grew hy 42 per ceot from £39.8m to £56.7m. Despite an increased tax

rate, resulting in an increased charge of £1.3m (£800,000), earnings per share rose by 24 per cent to 14,5p. A final dividend of 2.4p (2p) has been recommended giving a total for the year of 3.5p

The pre-tax figures included about film resulting from con-sultancy fees relating to the setting np of Norso-

the main trading profit centre during the year was MTM Chemicals, the largest subsidiary, which contributed \$1.5m after breaking even in 1987. The specialist coatinga division also experienced a strong improvement turning in a profit of £180,000 after losses of £300,000 in

Norsochem, however, experi-enced a difficult year and suf-fered a fall in profits. This was attributed to high prices for

the management structure which was changed towards

the end of the year.

A oumher of acquisitions
were made during the year which also contributed to sales. In particular, the com-paoy's US operations were expanded through the pur-chase of Traybor, the agrochemical and pharmaceutical producer. Reflecting this, sales in the US grew by about 75 per

ceot. Europe also saw an increas in sales with its share of total turnover rising from 30 per cent to 36 per ceot. Mr David Fyfe, managing director, estimated that currency transla-

£12m has been hudgeted, which includes a major plant con-struction programme at MTM's Kirkby site. Mr Fyfe gave details of a

adopted as opposed to the pre-vious eubsidiary based sales approach. There is also to be increased

tion had reduced profits by Capital expenditure amounted to £10.5m compared with £9m in 1987. This year,

comprehensive strategic review whereby a business area marketing strategy will be

emphasis on developing tech-nologies in organic chemical synthesis to meet increasing

demand for these

MTM's recults were marred

COMMENT

only hy the poor performance of Norsochem. In all other areas the group made good progress. Unfortunately, there seems little short-term pros-pect of improving the joint veoture's fortunes. Toluece prices are set to continue strong and are likely to more than offset the benefits of the improved management struc-ture. Norsochem's shortcomings should bowever, be far outweighed by the continua-tion of strong sales in MTM'a other husinesses, particularly agrochemicals. In additioo, 1989 will see the first benefits of last year's eignificant capital expeoditure and the develop-ment of the company's pres-eoce in the US market. As a result, profits in the region of 13m can be expected. This puts the shares on a multiple of about 12, which giveo the increasing returns which should flow from current investments, seems good value. An additional boost would be provided in 1991 should Orkem take up its call option for Norsochem. On current form, and with its strategy of developing higher value added products, MTM should hope that it

NEWS IN BRIEF

ARNOTTS pre-tax profit in

year to January 31 was IC2.77m (£2.33m) compared with

If2.74m previously. Turnover was £48.53m (£52.02m) and after interest of £458,000

(£631,000) and tax of £1.27m

(£837,000) earnings per share were 14.37p (12.48p). Final divi-dend is 7.5p making 12p.

CAMBRIDGE ISOTOPES made

pre-tax profits of \$1.03m for the

year to November 30 1988,

Boustead nears £4m

AN outstanding 1988 at Boustead saw turnover grow from £39.45m to £64.3m and pre-tax profits from £2.02m to £3.88m.

Shareholders participate, with the dividend more than doubled to 1.1p (0.5p), through a final of 0.8p. Earnings came to 3.71p (2.31p). During the year this interna-tional trading and industrial

group acquired Camotech, Porchbrand, Jani-Jack and Merchant Air Cargo. Camotech has been merger accounted.

Apart from the first-time contributions, Powerdrive made significant profits while Metal Supplies saw some pres-sure on margins. Results from King Trailers were disappoint-

ing but improvement was expected following manage-

ment change Boustead is buying np the 50 per cent of Metal Snpplies owned by joint venture partner R&G Schmole Metallwerke for £1.1m cash.

At Boustead Singapore, the 63.3 per cent owned subsidiary, there was strong volume growth and improved margins. On the outlook, Mr Tommy Macpherson, chairman, said

overall operations in Singapore and the UK were capable of a substantial improvement. Order books for the first quarter were good. Boustead decided to make a worst case provision and pro-vided in full for the £1m invest-

down from \$1.3m, on turnover \$5.58m (\$4.51m). Earnings per share were \$0.05 (\$0.06) and there is no dividend. NORTH SEA & General: Pre-tax profits £1.29m (£2.04m) and turnover £5.83m (£6.07m) for 1988. Net earnings per 10p share 1.32p (2.65p). Final divi-dend 0.5p making 1p for year. Extraordinary loss of £762,000 compares with £2.51m credit. ment in Boustead Davis. That removed the qualification pre-viously appearing in the audi-



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is in the Collegey Sizzes of the Company will be effected in accordance with the regulations governing the Third Market of The International Socie Enchange. This hereatment way carry a high degree of risk.

the current year."
Mr Reed stated that the increase in profits was attributable to organic growth from Deltight International, the industrial fasteners subsidlary, and United Packaging, together with useful contribu-tions from Beatson Clark and Bintcliffe Turner, also acquired during the year.

Australian offshore gas project given go-ahead

THE SIX international joint venturers in the North-West Shelf natural gas project yes-terday announced a go-ahead for the A\$1.63bn (£800m) devel-opment of the Goodwyn field, lying 130 km off the Australian

Tha development is part of the original A\$12bn plan of exploration, production and onshore processing under which the North West Shelf supplies gas to Western Aus-tralian consumers and, from this year, liquid natural gas to

an array of Japanese utilities.

The choice before the six Shell, BHP, Woodside Petroleum (the main shareholders in
which are Shell and BHP), BP, Chevron and a Mitsui-Mitsubi-shi joint venture — was between committing themselves now or deferring the decision for around five years. Yesterday's go-ahead means the 26-well Goodwyn 'A' gas and condensate production platform will be established in

131 metres of water hy 1993 and

linked by pipeline to the simi-lar North Rankin 'A' platform

Althoogh it will have the capacity to process 900m cu ft. of gas per day and up to 80,000 barrels a day of condensate, a considerable proportion of the gas will initially be reinjected underground after etripping off the condensate. This is partly because the gas will not be required under

existing contracts until the mid-1990s, when it will supplement production from North Rankin in order for the consortium to meet its sales commit-

The main reason for going ahead now is the fact that the Goodwyn field, particularly in the northern sector, where the platform will be positioned, contains four times the level of condensate associated with its gas compared with North Ran-

Condensate, being a light form of crude oil which yields marketable gasoline products, is a much-needed bonus for the partners. They already extract a higher-than-planned condensate output of 20,000 berrales. sate output of 20,000 barrels a day from North Rankin, and

make it equivalent to a small olifield. But in making their

announcement yesterday, the partners struck a sombre note. The project, they emphasised, was marginal, and the decision to proceed had been taken against a hackground of depressed oil prices and escalating capital costs.

Every effort would therefore be made to reduce capital costs consistent with safety stan-dards. Although the consor-tium was committed to maximising Australian content in lopment, Australian industry "must be competitive in price, quality and deliverabil-ity if it is to share in Goodwyn

The announcement comes hard on the heels of a decision last month to go ahead with a third liquefied natural gas processing train onshore at a cost of A\$500m. The six partners hope eventually to develop a fourth and fifth LNG train, and probably a second pipeline from the field to the shore as

Aluminium optimism 'justified'

By Kenneth Gooding, Mining Correspondent

THE WORLD aluminium THE WORLD aluminium industry's optimism — illustrated by its plans to lift primary metal production capacity from 15.25m tonnes a year to 17.25m tonnes by the mid-1990s — is entirely justified, according to the latest aluminium annual review from the Anthony Bird Associates consultancy group.

Anthony Bird Associates con-sultancy group.
It suggests a sea-change has taken place in the world economy and in the aluminium industry which is as import-ant as the sea-change of

"In this new environment the old defensive corporate strategies will no longer be appropriate." Rird says.

The review suggests that aluminium consumption will tend to grow at e slightly faster rate than world industrial production and in the years after 1990 should be growing at nearly 4 per cent a year.

"Aluminium companies now recognise that the cuts in capacity between 1984 and 1986 have been overdone," the review adds.

The short-term balance between supply and demand remains very fine, "When consumption starts to expand

ALUMINIUM SUPPLY/DEMAND PROJECTIONS Net Comm. expts . . 412

again in 1990 there could be a renewed period of market

There will still be a need for more investment in new capacity to satisfy rising demand in the years beyond 1995 and to replace some 602,000 tonnes of capacity from "last gasp" or moribund smelters.

Bird believes that "from here on" aluminium's competitive position should improve and should eventually settle at

should eventually settle at about the level seen in 1986, which it sees as "quite compat-ible with continued growth in

US production in the 1990s.

The conference - entitled

However, production costs however, production costs have risen over the past three years, reversing the pattern of declining costs seen in the 1982 to 1986 period. The Bird review predicts that costs will rise in the long term at nearly 2 percent a year in real terms, though future exchange rate changes might affect this figure.

gure. "For many smelters alumina prices have further to rise yet, while the favourable prices at which most smelters buy their electricity will come under increasing challenge from the utilities," it adds. Canada has become the

favoured location for new emelter construction. New capacity in that country can be justified at a price of 72.6 US. cents a lb, Bird suggests. Ris-ing costs will push this figure up in time to about 79.6 cents at today's prices and exchange

Although there are many reasons to suggest that the cycle of demand for aluminium might be more violent in the future than in the past; the review takes a more sanguine

The steadiness of the world economy, the underlying buoyancy of demand for aluminum and the pressing need for new capacity to keep that demand supplied will all contribute to a reduction in

volatility.

There will be momants when demand hesitstes and prices dip But the fact that the industry needs new capacity, which must not be discouraged, will act as a floor to support prices in any setback," the review points

1989" from Anthony Bird Asso-ciates, 193 Richmond Road, Kingsion upon Thames, Surrey KT2 5DD, UK. £665.

Kuala Lumpur tin price

TIN'S PRICE npeurge continued unabated yesterday as the Knala Lumpur spot market price fresh 3'A-year record for the fifth trading day in succession. Dealers said the rise continued to be fuelled by strong demand from European and Japanese buyers.

The price added 40 Malaysian cents to close at 26.13 ringgit a kilogram — equivalent to about £5.650 a tonne. During the past two weeks, the fin price has risen by 2 ringgit, and since the start of the year, it has surged by more than 6 ringgit, or 35 per cent.

"The price increases were expected considering the

expected considering the strong performance on the Rot-terdam market, where spot tin closed at between US\$9,620 and \$9,670 a tonne on Monday," said a Malaysian trader, He

prices would have gone even higher had it not been for the strengthening of the Malaysian

currency in recent days.

Commenting on the priceincrease, Dr Lim Keng Yaik,
the Malaysian Primary Industries Minister, said: "It has
risen too fast I am worded
that Comments may possible that consumers may now be looking for substitutes for tin." Dr Lim said he was also con-cerned that marginal mines in Malaysia, which closed down during the 1965 tin market col-lapsed, might now be encour-aged to restart.

On the meeting of the Asso-ciation of Tin Producing Coun-tries in Kuala Lumpur next Monday, Dr Lim said he did not think the ATPC would allow members to increase prosaid a Malaysian trader. He would not object to members added that Kuala Lumpur disposing of existing stocks.

Cattle disease on the increase

By Bridget Bloom, Agriculture Correspondent

THERE HAS been a steady increase over the last lew weeks in the number of recorded cases of bovine spongiform encephalopathy, the "cattle madness" disease so far only found in Britain.

only found in Britain.

According to the latest figures from the Ministry of Agriculture, 3,745 cases of BSE, as the disease is known, had been recorded by March 31 on morethan 2,000 farms spread across Britain — about 100 a month move than late last year.

more than late last year.

The first case of the disorder, which appears to be related to the rare Creutzfeldt-Jacob disease in humans, was identified ease in humans, was identified in late 1966. Its precise origins are still a mystery to scientists. However, an official report published last month by a working party under the chairmanship of Sir Richard Southwood, Professor of Zoology at Oxford University, suggested that RSE comes from cattle that BSE comes from cattle feed containing the remains of sheep suffering from scrapic. Scrapie, a brain disease in sheep, has long been known, and was thought untransmissible either to humans or other animals.

might affect humans was described as remote by the Southwood Committee but the Government is sufficiently concerned by its spread to have elected doctors to look out for any changes in the pattern of Creutzfeldt-Jacob disease. BSE was made a notifiable disease last June; cases must

now be reported, while affected animals must be slanghtered and removed from the food

The Southwood report said the enquiry into BSE had led the committee to guestion the wisdom of some of the inten-sive practices of modern husbandry which risked exposing man to new animal-borne dis-However cofficials are puz-

and that the disease appears so far to be confined to Britain.
They believe it may exist in other countries but at a level which has so far made it difficult to spot.

SELENIUM: Earopean free

TUNGSTEN ORR: European

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* 4. * *

ekst.

US weather key to edible oils outlook surges to fresh peak By Wong Sulong in Kuala Lumpur large increases in production in Brazil and Argentina, Mr Blankenship said. "Many industry leaders pre-dict that South American soy-bean production will surpass IV production in the 1980s. TIN'S PRICE npeurge "A recent forecast expects world demand to increase by 31m townes by the year 2000," Mr Berger said. "We can expect that palm oil pro-ducers will take a significant share of this new

David Blackwell on a sector in which political problems overlay commercial tensions

HE PRICE of edible oils is likely to rise fairly sharply in the next few weeks, as the relative tightness of world supplies becomes more apparent, according to Mr Joachim Rathke, president of the European Oilseed Crushers Association. He told a conference of the edible oils industry in Vilamolura, Portugal, that at the moment the world situation looked tight, but the markets did not reflect it. However, Mr Dennis Blan-Malaysia discriminates against crude palm oil exports;
The EC compensates for the difference between import prices and domestic prices by producer subsidies.
Following last year's droughts in the US and China, world edible oil stocks were declining and would by the end of September be nearly as low as during the last big shortage in 1983-1984, he said. World demand continued to rise by

However, Mr Dennis Blan-kenship, West European direc-tor of the American Soybean Association, said that this year world soyahean production would increase dramatically and supplies would be very adequate. If the weather in the US was good, he could not see any price run-up, he said, although he believed stocks would be down.

Mr Rathke said that in his-

torical terms edible oils prices were extremely low at present, especially taking into account the low level of the dollar against European currencles. The edible oils markets take their cue from the Chicago Board of Trade soyabean oil price, generally thought to provide a representative picture of world price levels. But Mr Rathke, attacking what he called "quite severe" distortions, asked if this was really true in a situation where: The US pays export subsidies of up to \$200 a topne:

LITTLE INCREASE in overall fat consumption could be expected in overall fat consumption could be expected in developed countries, according to Mr Kurt Berger, consultant to the Palm Oil Research Institute of Malaysia. However, he told the conference, consumption in three quarters of the rest of the world was much lower than in the West, and in many cases below recommended minimum levels.

Argentina discriminates

against soyabean experts;

• Malaysia discriminates

demand continued to rise by

crops would stabilise in vol-

ume or even decline following

In the longer term technologi-

279.80 284.00 275.80 281.00 273.40 276.80 288.00 274.00 283.40 287.00

inkun (99.7%)

2700

331.00 338.00 335.00 328.00 328.50 333.00 334.00 327.00 318.00 321.00 321.00 315.00 306.50

LONDON METAL EXCHANGE TRADED OFTIONS

April/May e and f Dundee STC \$480, BWC \$510, STD \$430, BWD \$460; e and 1 Antwer

COTTOM

Liverpool- Spot and shipment sales for the week anded March 31 amounted to 468 tonnes against 968 tonnes in the previous week. Slow trading persisted with dealings in Sounish, Chinese and Turkish shyles.

285.40 275.00 282.00 272.80

265,00 261.00

May Jul May Jul

258 219 14 85 123 122 68 192 41 61 184 329

COCOA E/tonne

enough, he said.

Malaysia is the world's higgest exporter of palm oil, which generates between 12 and 14 per cent of its national income. cal progress and rationalisation would improve productivity, making it less dependent on support. EC crops would then increase with the growth

in demand. He warned that unfair trade He warned that unfair trade practices would, if not discontinued, force protective measures in the currently liberal EC trade policy on oils and fats. These could not be stopped in bilateral trade agreements — the only hope rested with the multinational Gatt (General Agreement on Tarrifs and Trade) negotiations in Geneva.

about 3 per cent a year, or more than 2m tonnes, with China and the Soviet Union Mr Blankenship, however, having particularly strong import requirements. World took a different view of EC policies, pointing out that US production, notably in palm oil, was expected to increase in India, Malaysia and South soyabean exports to the EC had suffered considerably due to the subsidies which had America, but might not be "guaranteed European farmers up to two-sud-a-half to three times the world prices of oil-Mr Rathke predicted that in seeds and proteins." EC sunflower and rapeseed

"Many of our farmers dream of becoming Italian soybean producers with the high guaranteed prices," he said.
The US Government had, at cuts in support prices as a result of budgetary constraints. the request of the American

LONDON METAL EXCHANGE

Soybean Association, chal-lenged the subsidies in a Gatt panel case, "This is the most important case ever put before a Gatt panel. More than \$3.5bn

He said tha US objective was not to stop the production of oliseeds and proteins in the EC but to regain market access on a competitive basis with other producers. Increased availabil-ity of EC subsidised rapeseed and sunflower oil, as well as italian soyabean oil, had cre-ated tremendous competition for sore oil

for soya oil.

"The market share of soya oil dropped from 31 per cent of edible oil use in 1978 to 21 per cent in 1987 within the EC."

World considerate within the EC. World soyabean output this year would be high enough to ensure adequate supplies for the trade, he said. US farmers would respond to the 19 per cent reduction in output because of drought last year with higher plantings for this year. If the US reached normal yields, 1989 production would be 23 per cent above last year. World output could be up more than 35 per cant because of

The export market chare of these countries would increase dramatically if this were to

The conference — entitled The Shape of Tomorrow and hosted by Acatos & Hutcheson, the UK edible oils group — highlighted the tensions in the edible oils sector, in which stiff competition is overlaid with political problems. Even the comparatively steady olive oil sector arouses strong feelings. Mr Marcelino Elosua, the world's biggest office oil bottler, pointed out that olive oil was about four times the price of sunflower oil in the EC, with sunflower oil following the world market price, but alive

world market price, but alive oil having a political price.

He blamed most of the cost differential on EC subsidies, especially to farmers in southern Italy. Artificially high prices made no sense, he said. They forced the BC to keep huge stocks and to give a production subsidy and a consumption subsidy of about £1 a kilogram.
"That is too high a percent-

age to go to support what we call paper trees and paper oil," he said.

(Prices supplied by Amelgemeted Metal Trading) US MARKETS

WEEKLY METALS PRICES

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,070-2,110 (2,075-2,140). BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 6.35-6.60 (6.40-6.60). CADMIUM: European free market, min. 99.5 per cent, \$

DESPITE the lower dollar and higher

prices fell on some stop-loss selling. Copper closed higher with sideways trading featured and local short

covering seen late in the day. In the softs, trade selling in sugar reversed

gains made on Monday. The May contract fell 38 points closing at 1261.

Commission house selling kept the

energy market complex recovered from losses made on Monday as prices

closed sharply higher in all markets. Cotton futures gained on light trade activity. The Ilvestock markets featured

follow through speculative selling in the beilles after Mondey's limit move.

An expected bearish out of town storage report also weighed on the market. Cattle and hog futures were mixed in fighter activity. All of the

cocoa market under pressure. The

energy prices, mest of the metals failed to rally, reports Drexel Surman Lambert. Gold and silver futures both

All prices as supplied by Metal per lb, in warehouse, 7,10-7,40 Bulletin (last week's prices in COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 7.35-7.60

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 260-280 (255-285) MOLYBDENUM: European free market, drummed molyb-

URANIUM: dic oxide, \$ per lb Mo, in ware-house, 3.80-3.90 (same).

per cent, \$ per tonne unit (10 kg) WO, cif, 55-65 (same).

VANADIUM: European free market, min. 98 per cent, 3 a lb VO, cif, 9.50-9.90 (9.90-10.20). Nuexco exchange value, \$ per lb, UO,

51.00

٠.

LONDON MARKETS Copper prices on the LME continued

Monday's refreat, cash metal shedding a further £27 a tonne to close at £1,779.50. Sterling's strength ageinst the dollar accounted for most of the prices advenced. Three-month high grado zinc rose well above the \$1,600 e tonne level, and traders predicted e substantial bounce it this could be maintained. But a turther break of that fovel could see a turther \$100 fall, they warned. Coffee prices were boosted by a rise in New York. International Coffee Organisation lafks continued to preoccupy traders, although no major expected before next week. Monday's steem yesterday despite reports that concluded a deal with the Soviel Union

Crude oil per burrel FOB		+ or -
		<u></u>
Qubil Brent Blend W.T.I. 1 pm est)	\$15,45-6,55z \$19 65-9,95q \$20,33-0,36z	+0.25 +0.16
Off products (MWE prompt delivery per to	inne CIF)	+ or
Premium Casoline Gas Oil Hoavy Fuel Oil Kaphtha	\$264-267 \$162-154 \$93-95 \$186-100	+7 +1 +1
Petroleum Argue Estimetes		+ or -
Other		_
Gold (per troy oz) 4 Silver (per troy oz) 4 Platinum (per troy oz) Pallodium (per troy oz)	\$387.0 564c \$531.75 31\$7.50	+2.25 +4 +4.10 -4.25
Aluminium (free market) Copper (US Producer) Lead (US Producer)	\$1985 153 ½-41 ¼ c 37 5c	
Nickel (free market) Tin (European free market) Tin (Kugis Lumpur market) Tin (New York)	26 13r 441.5c	-10 - 107 + 0,40 -0,75
Zinc (US Prime Western) Cattle (live weight)† Shoop (dead weight)† Pigs (live weigh6†	953 ₅ c 114,68p 234,96p 79,73p	+4.52 +21.1 -3.65*
London dally sugar (raw) London dally sugar (white) Tate and Lyle export grice	\$315.0v \$338.0v \$297.0	+5.0 +5.0 +1.0
Berley (English food) Maize (US No. 3 yellow) Wheat (US Dark Northern)	E118.5 £133 C126v	+0.73
Rubber (spot) ♥ Rubber (May) ♥ Rubber (Jun) ♥ Rubber (KL RSS No 1 May)	58,50p 87,00p 87,25p 297,0m	+1.25 -0.25 -0.25 +0.5
Coconut oil (Philippines)§ Palm Oil (Malaysian)§ Copro (Philippines)§ Soyabeans (US) Cotton 'A' indax Woollops (54s Super)	\$530v \$372.5x \$355 \$192z 70,70c 660p	+ 0.60
E a tonne unless otherwise c-cents/ib. r-ringgli/kg. v-/ g-Apr. x-May/Jun. w-Apr. Commission average talak	Apr/May. u-M Jun. z-May.	1Moa

	Close	Previous	High/Low		Close	Previous	High/Low	AM Official	Kerb close	Open Interest
May										
Jul Sep Dec	iop 631 840 633 829		Cash 3 months	1990-5 1960-2	1955-60 1935-40	1990 1995/1960	1985-90 1975-8	1990-5	29,290 lots	
Mar 845 852 846 843		Copper, G	Copper, Grade A (£ per torme)				Fling turnover 25,575 tons			
May	843 849	49 852 850 847	Cash 3 months	1777-82	1804-9 1704-5	1781/1779	1780-1 1678-7	1677-5	69,693 lots	
		(759) lots of prices (SDF	to per tonno). Deliv	Sever IUS	cents/fine ou	nce)			Filter	g turnover 0 oza
price 1	or Apr 3:1		5.22):10 day average	Cash 30 June	579-82 582-5	575-8 580-92		579-52 592-5		353 lots
				Leed (E per tonne)				Ring turnover 10,000 tooms		
COFFE	E/tonne	Previous		Cash 3 months	338.5-9.5 349-60	334.5-6.5 346.5-7	339/338.5 250/347	338.5-0 349-8.5	349-63	9,100 lots
	Close	1100	High/Low	Nickel (S p	er tonno)				Ring turr	1,418 tonne
May Jly Sop	1120 1088 1057	1087 1037	1120 1093 1088 1060 1057 1030	Cash 3 months	15400-500 15200-60	15450-530 15150-200	15300 15300/14950	15300-400 16300-400	15290-300	7,354 lots
Nov	1042	1027	1040 1021 1026 1023	Zinc, Special High Grade (3 per tonne)				Ring turnover 9,750 tono		
Mar	1040 1040	1027 1028	1028 1020 1028	Cash 3 months	1705-15 1675-80	1680-90 1665-60	1729/1715	1715-20 1670-5	1580-5	8,144 lots
Turnovor:3616 1729) lots of 5 tonnes ICO indicator prices (US cents per pound) for			Zinc (5 pc	tonnej				Aing sume	wer 15,705 tonne	
Apr 3		daily 113.60	ents per pound) for [113.74]; . 15 day	Cash 3 months	1870-5 1624-5	1840-50 1886-600	1695 1630/7502	1694-5 1622-4	1825-80	12,586 lots

POTAT	OES E/Non	ne		LONIDO	W 54	ДÜK	H HARK	ST
	Close Previous High/Low				Gold (fine oz) 5 price			
Apr May Apr	67.0 83.5 129.0 er 293 (27	62.5 86.6 127.5	66.0 60.0 94.5 86.3 129.0 128.9 0 lonnes.	Crose Openin Mornin Alterno Dey's P Dey's k	g fix on fix ligh	387 385 386 387		225 ¹ 4-225 ¹ 4 227 ¹ 2-228 225.945 225.934
SOYAB	EAN MEA	L E/tonne		Colina		\$ pr	ice	E equivalen
	Close	Previous	High/Low	Mapleid	net .	396		23212-23612
Jun Aug Oct	151.00 145.50 146.00	151.00 161.00	151.00 149.50 145.50 146.00	Britann US Eag Angel Kruten	ie ie	596- 266- 366- 386-	455 403 403	232 kg .235 kg 232 kg .235 kg 232 kg .235 kg 225 kg .227 kg
		lots of 20 to		New So Old Son Noble !	7.	91-6 91-6	2	53 4-64 53 4-64 315.55-318.5
PREMI	הטוטים זו	ES \$10/inde	nt point	- Shree f	_	-	19 cz	US eta equi
	Close	Previous	High/Low	- Spot		342		582.65
Apr Mary Jul Oct Jen Apr	1585 1535 1349 1458 1616	1609 1545 1360 1479 1535 1588	1595 1580 1535 1530 1380 1338 1460 1450 1550 1519 1555	5 month 12 month	ns the	363. 364. 365.	\$5 25	567.80 812.70 646.85
BFI	1814	1819		CRITICAL		_		- W- 1
	er 424 (36	6)		May Jun	- ;	3.96 8.21 17.55	78.93 18.33 18.00	19.06 18.74 18.36 18.00 17.70 17.50
_	िक्षता			Aug		7.15	44.77	17,15
Milest	Close	Previous	High/Low	IPE Ind	_	8.85	19.57	
Mary Jun	118.90 120.60	116.73 120.50 104.15	118.00 118.80 120.60 120.55	Tumpre				
Sep Nov	104.25	106.48	104.25 104.20	GAS OF		_		
Jan	109,65		109.85		Cic	_	Previous	High/Low
				Apr	159.	25	157.50 154.50	159.60 157.75 155.50 153.00
Baztey	Close	Previous	High/Low	Jul	152.		152.50 182.25	153.25 150.75
May	110.90	110.90	111.00 110.90	Aug	151.	75	152.75	153.00 150.50
Sep	101.95	101.35	101.36	Oct	155		155.50	155.25 152.00
Nov	104.25	_	104.25	Nov	156. 158.		158.50 158.50	156.50 153.50 153.00 153.60

	red.			
Ne	w Y	ork		
BOLE	100 troy	ez.; \$/trey c	1Z.	
	Ctone	Previous	High/Low	
Apr	386.1	366.2	967.7	364.6
May	360.9	365.0 391.1	392.7	369.6
Aug	396.1	396.2	397.8	395.3
Oct	401.9	401.9	402.9	401.0
Dec	407.0	407.6	400.0	406.5
Feb	413.3	413.3	418.9	413.8
Apr	413.3 425.1	419.2 425.1	419.9	419.8
		roy ox; \$/tro		
	Close	Previous	Highlaw	
Арг	522.8	507.7	632.0	521.5
May	523.1	528.2	0	0
Jul Oct	525.5 527.0	530.7 531.7	535.0	520.6 524.0
Jan	528.0	533.7	0	0.
Azer	531.5	536.2	ů ·	o .
SELVE	7 5,000 tr	Dy oz, cent	Arey oz	-
	Close	Previous	High/Low	
Apr	561.5	578.8	0	0
May	585.8	683.3	588.9	563.5
Jun	501.0	568.7	0	0
-tul	596.5	504.2	600.0	594.5
Sep	607.6	605.3	810.5	605.0
Dec	823.7	621.5 625.5	626.6 0	623,0
Mar	628.8 839,7	637.4	543.5	638.5
May	650.8	648.3	6E2.0	650.0
Jul .	651.8	659.3	663.0	653.0
Dest	CEE			
_		e: Septemb	or 18 1931	= 100)
_	Apr 3	Mar 31	canth ago	
	2010.2	1998.8	1982.7	
DÇY	JOHES (Pape: Dec. 1	31 1974 - 1	(DC)
Spot	134.99	155.57	138.40	192.12
	es 156,00		142.16	155.10

									
COPPER 25,000 lbs; cents/lbs					. Ch	icag	0 .		
	Close	-Previous	High/Lo		- SOY4	MEANS S	000 bu min;	conte/80th h	entral
Apr	128.30	126.90	128.50	126.20		Close	Previous	High/Low	
Jun	124.80	123.60	0	.0	May	714/5	710/0		
Jul Sep	121.40 117.60	120.40	118.40	120.00	Jul	723/4	720/2	719/4 - 728/4	714/6 723/0
Dec	114.00	123.30	114.80	173.00	Ava	720/0	717/0	725/0	719/4
					Nov	705/4	707/0 · · · · · · · · · · · · · · · · · · ·	714/0	700/4 704/6
CRU	DE OIL (L	ght) 42,000	US galls S	/berrel -	Jen	713/6	7100	717/0	713/0
	Latest	Previous	High/Lo		Mer Ney	728/4	718/0	725/0 730/0	722/4 729/0
May	20.48	19.95	20.60	20.10			60,000 fbe:		-250
Jun	19.65	19.24	19.68	19.32		Close	Previous		
Aug	19.07	18.72	18.59	18.78	24			High/Low	
Oct	17.85	17.62	17.90	17.65	May	22.05	22.64	22.28 22.87	22.05 22.61
Nov	17,84	17,35 17.15	17.85 17.36	17.00 17.28	Aug	27.91	22.95	23.13	22.91
Jest	17.12	16.80	17,12	16.98	Sep	23,18	23.26	23.36 25.60	23.15 23.36
	•				Dec	23,78	23.70	23.93	23.75
HAT	MIG OIL	12,000 US g	alla conto	A 15 calle	Mar	23.95	23,80	. 24.05	23.95
	Latest	Previous	High/Lo				24.10 AL 100 tono:	24.05	24.10
May	5390	8275	5415	5295	-				
Jup .	5155	5062	6175	9070		Close	Previous.	High/Lou	<u>' </u>
Aug	5070 5190	5015	6060	5020	May	279.6	218.4	220.6	219.8 216.6
Nov	5215	6120 6175	519Q 5215	5130 5215	Aug	217.6 -	218.2	218.5	217.0
				7	Sep	218.7	215.0	218.0	214.0
COCK	10 ton	nes;3/tonne			Dec	211.5	210.5	213.0	210.5 210.5
	Close	Previous	High/Los		Jan -	211.0 211.0	210.5	211.0	211.0
May	1382	1300			May	211.0	210.5 210.5	211.0 211.0	211.0 211.0
Jul	1328	1339	1415	1320		5.000 bu	min; cents/(
Sep	1306 1311	1306	1325	1305		Close	Previous	High/Low	
Mar	1305	1311 1905	1529	1310	May	202/0	- 259/0 -	262/4	· 0m440
May .	1805	1311 .	1320	1310	Jul	284/8	262/0	- 265/2	263/2
Jui	1325	1339	1355	1320	Sep	259/D 267/6	256/4	259/2	258/0
	· .				Mar	284/2	262/4	256/4 284/5	257/G 253/S
COFF	E -C- 37	,500tbs; ceo	ts/lbs		. May .	. 265/6 267/0	. 254/0	200/6	205/5
	Close	Previous	High/Low		_		265/0	268/0	287/0
May	131.48 126.82	128.23	131.50	128.30 -	WINE		min; cents/		
Sep	121.87	119,30	121,90	123.60 119.01		Close	Provious	High/Low	
Dec Mar	118.52 117.82	116.05	118.60	116.25	May	401/2 391/2	395/0	408/0 394/2	400/0
May	117,25	115.75	117.00	115.65	Sep	398/2	400/0	401/0	366/8
Jul Sep	116.50 116.50	116.50	0	0	Dec Mar	410/0	411/0	418/4	405/4
CAN'	11000	.116.00	0.	0	May	414/0	415/4	416/0	112/4
-	-		•		LIVE	ATTLE 40	,000 lbs; ou	nta/lbs	1. :
SUGA	_	7117 112,0				Close	Previous	High/Low	
	Close	Previous	High/Lev		Apr	77.56	77.40	77.70	77.10
May	12.61	12.90 12.67	12.65	12,40 12,25	Aug	71,57	71.65	72.10	.71,17
Oct	12.26	12.42	12,37	12.08	Sep	60.57 69.80	69.65	69.25	65,25
Jen	11.34 11.75	11.50	12.00	11.50	Oct	69,40	69.72	70.00	09.30 66.12
My	11.57	11.78 11.67	11.78 11.75	11,56 11,58	Dec Feb	70.62	71.05	71.25	70.30
Jul	11.65	- 11.63 -	11.55	11,56	Apr	72.40	71.40 72.65	71.25 72.40	70.90 72.00
					LIVE	1068 30.D	00 (b; cents/		
COTT	ON: 60,000	; cents/lbs				Close	Previous		
	Close	Previous	High/Low	,	Apr	40,65		High/Law	
Apr	61.55	81.50	0	0	Jun	45,87	46.87 45.55	40.95 46.90	40,57 45,22
May	83.04	62.53	63,15	62.57	Jul	45,80	48.07	46.25	46.32
Jul Oct	64.23 84.75	63.85	64,35	83.80	Aug	41.46	44.77	44.97	43.80
Dec		64.08	64.86 64.51	64.60	- Dec	43.45	41.72	42.00 43.00	40.90
May	65.40	65.20 -	0	0	Feb	44.35	44.25	44.45	44.02
					Apr	43.35	43.25	43.35	43.10
ORAN	GE JUKE	15.000 lbs,	cents/fbs		FORK		0,000 tos; c	enze/10	
	Close	Previous	High/Lov			Close	Previous	High/Low	
May	- 166.80	167.95	188.90	105.10	May	34.77	35.35	35.70	34,75
Jest	168.05	100.85.	166.50	167.30	Jul - Aug	34,8 <u>2</u> 34,05	35.55	35.00	34.80
Sep	185.30 155.25	162.55 156.05	165.45	163,26	Feb	49.20	34,53 50.70	34.95 50.25	54.80 48.85
ALC:	152.50	150.50	165.50	155.00 181.50	Mer May	48.60	50.50	49.75	46.50
Mar	151,30	149.80	161.30	151.30	101	48.25	49.90	- 0	48.25

LONDON STOCK EXCHANGE

Blue chips close well below day's best

Leading shares continued to make good progress on the make good progress on the London market yesterday helped by a recovery of the pound and a number of buy programmes in the equity mar-

Cattle

disease

Worries about sterling were dispelled somewhat in early trading by the Chancellor of the Exchequer's confirmation that he would use interest rates as necessary to defend sterling. There was, however some anxiety about the latest reduction in the UK's official reserves, which dropped \$1.2bn during March, a figure much higher than the City had expected. This followed the Bank of England's recent

New Blue

Excited speculators bought

Blue Arrow stock heavily from institutional investors after the

revelation that a US group had

picked up a 6 per cent stake in the company. Institutions were selling because they remain

concerned about the £25m loan

which Blue Arrow said on Monday it was trying to

The price moved ahead 3 in the middle of the session only

to fall back by the close to end

at UBS Phillips and Drew. "But

after the stake amouncement.

and would not be passive

entrepreneur, has a 7.9 per cent stake, turned in another

good performance. The shares

rose 9% to 358p as nearly 5m changed hands. The market

was full of talk that an Irish buyer had picked-up as much as 2m shares during the day."

although there was no confir-

mation that the buyer was

either Mr Larry Goodman or

Irish dairy concern with 2.1 per

There has been talk of a large bid in the Foods sector

for some time, and many observers regard Unigate as

one of the more plausible tar-

gets; dealers have been carefule not to go short in the stock. The attractions of Uni-

gate to a bidder are relatively

gate to a bidder are relatively clear. Warburg Securities noted that a prospective predator would be attracted mostly by Unigate's UK milk business, the St Ivel dairy product franchise, the group's relatively healthy debt position and its Wincanton distribution operations. "The diversity of the non-foods interests (US restaurants, UK transport, exhibition services, car auctions),"

tion services, car auctions),"

Warburgs went on "suggests that Unigate is a possible

break-up situation.

Avonmore Creamerie

cent stake of Unigate.

454765

Unigate busy

Arrow

moves

"Flut Dealings: Apr 3 Apr 14 Apr 10 Apr 24

repeated efforts to support the currency in the face of a sharply rising dollar.

The market opened with good gains, boosted by Wall Street's overnight rise - closing above 2,300 on the Down Jones - Avernage - Town Jones - To Dow-Jones Average was viewed as bullish for London

favour as RZW bought stock in-house and for retail customers on the view that the fell in the shares had gone too far; earlier this year they were nudging 670p. The persistence of the huying eventually caused a flurry of intra market business, leading to sharply increased turnover of 1.4m shares and a closing rise in the price of 13 at 618p.

The securities house also came out in favour of Lex Ser-vice, the electronics and motor distributor. Specialist sales man, Mr Trevor Wild, thought the shares cheap at current levels before BZW decided yesterday to raise its forecast of 1989 profits from £78m to £77m. The shares ended 11 higher at

unchanged at 91 %p. Turnover was a busy 12m shares. "If the loan were written off, about 3% should come off the share Pharmaceutical stocks moved ahead quickly in early trading, benefiting from further consideration of the price," said Mr David Grimbley merger talks between Beecham and Smithkline Beckman. But the stock seems to have been they fell with the market and most finished barely changed on the day. The exception was supported at the lower end of its narrow trading range around 90p." There was also marked New York interest on the day. The exception was Smith and Nephew which hung on to end 3 up 144p.

The feature among mixed Life insurers was the performance of Sun Life, which closed at 950p, up a net 35 and just off the day's high of 953p.

The talk in the market was that French group UAP, with whom Sun Life unsuccessfully artemated an alliance last year. Analysts at UBS and at Warburg Securities both said the stakeholder, US fund management group Harris Associates Holdings, was unlikely to be aggressive, although it had a history of arbitrage activity attempted an alliance last year, was adding to its 19 per cent stake. However, with turnover barely breaking 204,000 shares one analyst said that if UAP Dairy group Unigate, where had been picking up stock turnover would have been sig-Mr Larry Goodman, the Irish nificantly higher. The aceptical researcher put the rise down to

> There was a similar lack of direction among Composites, with Sun Alliance down 11 at 1158p ahead of today's figures, and General Accident up 16 at 9660. Although the market is looking for excellent profits from Sun Alliance, dealers said that the expected good results were already in the price so investors were beginning to

chunky buying in a thin mar-

take profits.

As for General Accident, the Liverpool-based broker Char-

BREW HIGHE (1985).
BRITTIER PURIOR (1) Treas Spc 1988,
COMPORATION LOADE (1) Manchaster
11 bpc 2007, LOANE (6) Manchaster
(2) CHARLES (7) Central Cap., BANCS (8)
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 and yet another steep rise on the Tokyo market. Buying interest was never more than reasonable however, according to dealers, but it was persistent and directed towards front-line stocks, thereby ensuring a sus-tained early rise by the FT-S-100 index. Having opened with a gain of 7.7, the Footsie progressed to register a jump of 13.1 just after 10 am before eas-

13.1 just after 10 am before easing on the appearance of minor profit-taking.

Business then tended to drop away and only picked up just prior to the opening on Wall Street. The latter made minor early progress but then started to struggle, although holding above the psychologically

FT-A All-Share Index

Equity Shares Traded

Feb Mar

terhouse Tilney is recommend-

ing clients to switch into the stock from Sun Alliance because it helieves there is

greater potential upside in the former's share price. "The switch is sound on the yield

differential between the two stocks and their recent relative performances," said Mr John

Marr, the insurance analyst at

Tilney.
Among the banks TSB were

heavily traded, closing a touch lighter at 116/4p as 8m shares changed hands. Dealers

reported an aggressive buyer and an equally determined seller around the 116p/117p

The spotlight continued to illuminate those building issues scheduled to report trading statements later, this month. Several recorded out-

standing gains with Blue Cir-

che closing 20 dearer at 569p, Tarmac 13 higher at 318p and RMC 10 firmer at 683p. Red-land were also involved and

rose 10 to 536p while Steetley further responded to Monday's

good annual results by advanc-

ing 8 more to 437p. In contrast,

Watts Blake dipped another 7 to 355p, still influenced by the

previous session's preliminary

Musterin, Distrio Grp., PAPERS ## ATA
Select., Curiton Contines., Gold Gracerium.,
Penoling Res., Shamdelck, PROPERTY (17)
TRUSTS 236 GR.B. (12) Aran Energy, Canalic
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OVERSEAST TRADECES (1) London
Fortaling, Perpensal, CAS (1) Pics Pet.

NEW HIGHS AND LOWS

Apr

Turnover by volume (million)

1000

important 2,300 level. The FT-SE then gradually retreated to only 2.6 higher before steadying late and closing with a 3.2 rise on the day at 2,082.8. Turnover again disappointed London's dealers, but at 517.3m shares at the close of business it easily topped Monday's 397.1m. Last Friday saw turn-

over of 631.2m.

The "bny" programmes talked of in the market were said to have included a substantial move into the market by Salomon Brothers, although the US-based securities house declined to confirm it had been behind the early support for the market. Another US house was also said to have been a

figures and US acquisition. USM-listed Banner Homeswas another casualty at 71p. down

Laporte became all the rage among chemicals, leaping 15 to 449p on good retail support following talk of a chart break-out, and evidence of stock shortages. Wolstenholme Eink also figured prominently, although business was thin, and settled 16 up at 456p. Stores were quietly traded with most of the interest pro-

vided by second-liners such as Dunhill, which closed 8 better at 252p on the sighting in the market of one large buyer of the stock, and Alexandra Workwear, which climbed 5 to 191p after announcing a 24 per cent rise in year-end February profits to 26.27m. Broking house Kitcat & Aitken forecasts that earnings for the cur-rent year will grow by a simi-lar amount and will be recommending the stock to its

turnover of 24m shares. There has been good recent demand for the stock shead of tomorrow's figures (the market is expecting profits in the region of £500m) and on the back of some strong Japanese interest. However, investors appear to be following the advice of analysts who say that there is lit-tle potential upside in the price short-term and are taking prof-

The "A" class of Whitbread shares were lifted 8 to 350p by talk of an imminent property revaluation.

Full-year profits 31 per cent better from Meggitt Holdings helped push the stock to 117p. a rise of 10 on the day. Early selling hit Hawker Siddeley, but the shares quickly recovered to close 7 ahead at 658p.
"The stock was oversold," said a marketmaker. Final figures are due on April 19.

Rolls-Royce put in a good performance in belated recognition of Monday's airbus orders. The shares closed up 4 at 187p on a turnover of 4.7m shares.

It was the retailers which stole the show among Foods, stole the show among Foods, with large turnover reported in Asda, up 3% at 149p on 33m shares, Guteway, up 2% at 167p on 3.6m, and Tesco, 5% better at 160p on turnover of 5.6m shares. Tesco's figures are due next week and the market range of estimates is roughly £260m to £268m. Broking house Hoare Govett believee the supermarket group will beat most expectations and, therefore, has been a buyer of the stock this week.

Security product distributor Gardiner Group put on 4 to 550 on the announcment of its pur-chase of Bridgend Group's chase of Bridgend Group's security division for £9.6m in cash — £500,000 more than Bridgend's market value. Bridgend added 5 at 64p. A big buyer said to be work-

year. But others are worried that the Japanese market could have run too far too quickly and that any setback there would heve a marked influence on London pric There were plenty of fea-tures in London yesterday with Consolidated Gold Fields out-standing and finally up 25 et 1345p after unveiling its final defence against Minorco.

keen suporter of blue chips during initial exchanges.

Views on the current outlook

for UK equities are now divided. Many equity strate-gists are talking the market

higher on the view that the big

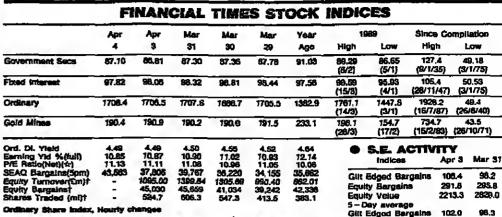
institutions are underweigh

ing through two or three different brokers belped UEI to add 10 at 461p, while Index funds continued to sell Amstrad, 2 easier at 138p, amid persistent talk of a downgrading from

Magnolia Group reported an mexpected jump in year-end profits to £1.5m from £1m and put on 11 to 160p. Further con-sideration of Eurotunnel's year-end report and subsequent positive comment pushed the share price to equal its all time high of 850p. It settled back hy the close to 847p, up a net 20. Rank Organisation climbed

14 to 915p; dealers said interest was being generated by the company's theme park scheme in France, the forthcoming flo-tation of Disney's European venture and continuing speculation in the US that Sony may try to buy RCA. Sothehy's jumped 65 to 1415p shead of first-quarter figures due today. USM-quoted Hornby, the toy company, rose 8 to 193p after reporting a rise in pre-tax profit to £2.4m from £1.8m. But a 17 per cent improvement in profits at Brammer did not impress the market and the stock slipped 10 to 277p. "The results were a touch below expectations," said a market-maker. "Although the dividend was unexpectedly raised a %p, the ensuing analysts' meeting was dull. Brammer is tradition-

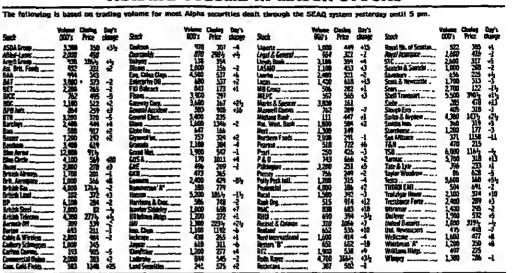
ally a yield stock and unlikely to see many sellers, he said. Weterford Glass moved ahead on renewed talk of a bid, possibly from Guinness. Both classes of shares closed at 85p, the "old" from 73p and the stock units from 74p. Trafalgar House benefited from the gen-eral good sentiment in the building sector and added 10 at



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253.8 2250.2 London Report and latest
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TRADING VOLUME IN MAJOR STOCKS



374p. After the market closed the company announced it had signed further contracts for tures in the Soviet Union.

Appreciation of Monday's

trading statement - several honses accorded the stock either a buy or strong bold recommendation – lifted Pearson 6 further to 722p, United Newspapers, on the other hand, suffered further profittaking and closed 7 down at

Sharply increased first-half profits put Shandwick higher to 566p, while ATA Selection rose 5 to 78p on expectations of good annual figures today. Merlin International, the property group specialising in retail centres, fell sharply after announcing the sale of its Australian interests for £30.5m. With the company also revealing a pre-tax loss of £2.47m for

the half year to December 1988, the shares closed 241/4 lower at 117%p. Speculative buying helped Southend Properties gain 14 at 238p and Rand-sworth Trust 10 at 272p. African Lakes shot higher to

110p before closing 18 up on balance at 98p as word went round that 5 per cent of the company's equity had changed hands during the previous week. It is understood, however, that the shares passed into safe hands. Last Friday the company unfolded impressive annual results and a pro-

posed scrip issue. Excellent full-year profits, £3.9m compared with a restated £2m, drew attention to Boustead. Analysts were quick to revise current year forecasts and the shares rose 4 to 64p behind Hoare Govett's new estimate of £5.1m at least. The re-opening of the Valdez port in Alaska after the recent oil spillage disaster took some of the steam out of thecrude oil market which was marginally

lower at the close. There were few good performers in the leading oils, although Shell managed to move up a few pence to 390 4p on turnover of 5.6m, still huoyed by buy recommenda-tions from at least two top US houses as well as Kleinwort Benson and Kitcat & Aitken of

Aran Energy, one of the smaller oil groups, were the latest to make a decisive move forward with the shares settling 4 higher at 74p after some concerted buying interest

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 29

FT LAW REPORTS

No respite from fishing licence system

REGINA V SECRETARY OF STATE FOR TRANSPORT EX PARTE FACTOR TAME LID AND OTHERS
Court of Appeal
(Lord Donaldson,
Master of the Rolls,
Lord Justice Bingham
and Lord Justice Mann):

THE PREVALENCE of European Community law over incompatible UK law does not extend to alleged or putative EC rights which are as yet mestablished; and accordingly, as long as it is unclear whether UK legislation for the registration of fishing boats is inconsistent with EC law that legislation reggains law, that legislation remains paramount under English constiparamount anuer kaginal consti-tution al law, and must be applied pending determination of the question of incompatibil-ity by the European Court.

The Court of Appeal so held when giving its reasons for allowing an appeal by the Secretary of State for Transport from an interim order made by the Divisional Court on an application for indicial review, restraining him from enforcing licensing legislation against the applicants, Factor Tame Ltd, Rawlings Trawlings Ltd, and 95 other owners of fishing vessels. The order was made pending final judgment in the application, to be given after a ruling by the European Court of Justice as to whether the lagislation was whether the lagislation was incompatible with EC law. The decision to allow the appeal was made on March 18.

LORD DONALDSON MR said that the appeal concerned the Common Market fishing policy. If stocks of fish were to con-tinue to exist around Europe, some system had to be devised to prevent overfishing. That involved fixing quotas for national fishing fleets, limiting the amount of fish each might

· Giveo a quota for the British fishing fleet, the government was concerned to ensure that all the vessels operating as part of that fleet could properly be regarded as British

as British.

in 1985 new licence conditions
were established. The government concluded they were not
sufficiently restrictive for the
protection of British interests.
The Membant Shimmer Act 1988 The Merchant Shipping Act 1988 was enacted empowering the Secretary of State to make regula-tions introducing a new register

tions introducing a new register of British fishing vessels. The applicants in the present case were unable or would have great difficulty in complying with the 1983 scheme as formu-lated under the 1988 Act and the Merchant Shipping (Registration

of Fishing Vessels) Regulations The Act and Regulations

The Act and Regulatione together wound up the register established by the Merchant Shipping Act 1894 and, if valid, might well farce the applicants to sell or re-flag their vessels. The applicants took the view that Part II of the 1988 Act, which dealt with registration, and the Regulations, conflicted with Suropean law. They therefore applied for judicial review. The Divisional Court conwith Suropean law. They therefore applied for judicial review.

The Divisional Court concluded that to enable it to give judgment on the application, it was necessary to seek preliminary rulings from the European Court of Justice. It granted interim relief pending final judgment by ordering that Part II of the 1988 Act, and the Regulations, should be disapplied in respect of the applicants, so as to continue registration of their vessels under the 1894 Act.

The Secretary of State appealed.

The Solicitor General accepted that the Divisional Court was in no position to dismiss the application for judicial review without first secking a ruling from the

cation for judicial review without first seeking a ruling from the European Court, in that it was not "clear" that the applicants were wrong in their contentions. If a British court could ascertain the nature and extent of competing UK and EC rights or cuties, there was little difficulty in resolving any inconsistency on the basis that EC law was paramount.

mount.

That was the acte clairs situation. It was a comparative raration, It was e comparative rarity.

More commonly the court could not ascertain the nature and extent of the competing right or duty. It was to meet that problem that the right to seek a ruling by the European Court was provided under article 177 of the EC Treaty.

Part II of the 1988 Act was designed to produce an automatic ending of the 1894 register as from March 31 1889, and an

main enging of the 1664 register as from March 31 1989, and an equally automatic creation of the 1968 scheme, subject to a transitional period, the whole process being iriggared by the Regula-

The question was whether the British courts had any power to interfere with the operation of the 1988 Act by modifying its operation or striking it down on a temporary basis, pending a ruling by the European Court.

It was fundamental to the British constitutes that it was for ish constitution that it was for Parliament to legislate and for the judiciary to interpret. Any attempt to interfere with primary legislation would be wholly unconstitutional.

Apart from that, there was a well-established principle of Brit-ish law that the validity of subor-

dinate legislation was presumed, unless and until it had been chal-lenged in the courts and its invahidity had been determined. The position in relation to primary legislation must be the same.

It appeared that the European Court in applying EC law reached the same conclusion. In Cranaria, Case 101/78 paragraph
4 it said "every regulation which
is brought into force in accordance with the Treaty must be
presumed to be valid so long as e

competent court has not made a finding that it is invalid. Accordingly, there was on juridical basis on which interim relief could be granted by the British courts. If the applicants had a remedy it could only be provided by the European Court, either in the form of a ruling on the reference, or by interim proceedings, not yet instituted, by the Commission against the UK s, not yet instituted, by nmission against the UK

LORD JUSTICE BINGHAM agreeing, said that the case concerned the reconciliation of the EC free market philosophy on which the applicants relied, with the regulatory framework of the common fisheries policy oo which the Secretary of State

which the Secretary of State relied.

The question was whether, in the steps taken to ensure that its fishing quota was enjoyed beneficially and not merely nominally by British interests, the UK had contraveced the prohibition of decrimination despite embedded discrimination deeply embedded

discrimination deeply embedded in EC law.
Both sides accepted that the answer was not acte claire. Accordingly, the issue was whether the Divisional Court was entitled to grant the epplicants interim relief to protect their interests during the period of perhaps two years which would etapse before the European Court answered the referean Court answered the refer

The Solicitor-General submit-The Solicitor-General submitted that there was no jurisdiction in the court to disapply an Act of Farliament, unless and until incompetibility with EC law had been established.

The applicants contended that the effect of the European Com-munities Act 1972 had been to incorporate EC law into UK law, and to ensure that if any inconsistency arose between domestic law and EC law the latter should

prevail.
That had been loyally and unreservedly accepted by tha English courts (see Siskina [1979] AC 210, 262; Macarthys [1981] QB

The Solicitor General accepted that if the European Court's answer to the reference proved unfavourable to him, the Divigive effect to the ruling, even

though the 1988 Act had not been repealed. There was no doubt that was the law. Where EC law was clear the duty of the national court was to give effect to it in all circumstances. Any domestic law which prevented the court from giving effect to directly enforce-able rights in EC law would be bad.

To that extent a UK statute was no longer inviolable as it once was. But the Solicitor General's But the Solicitor General's point was that a statute remained inviolable unless and until it was shown to be incompatible with the higher law of the Community. A statute did not, he argued, lose its quality or inviolability as long as it remained.

lability as long as it remained unclear whether it was incompatible with EC law.

That argument was correct.

Before 1973 the court had no jurisdiction to dispense with the operation of a statute. If the court now had such jurisdiction, one must find the source.

The authorities obliged the court to give effect to EC rights, even if that meant dispensing with a statute. But none of the with a statute. But none of the authorities obliged a national court to override its own domes-tic law in favour of what was no more than an alleged or putative

EC right.

If the court was not obliged so to act it was not, as the law now stood, entitled to do so.

There was no such obligation, express or implied, in the Treaty, the 1972 Act, the jurisprudence of the European Court, or in any UK judgment.

If the European Court were to rule thet EC law obliged or entitled national courts to override national laws where necessary or desirable for the protection of claimed but unestablished EC rights, the situation would be different.

rent.
Unless and until such ruling was given the court was bound to hold that it had no jurisdiction to blot that it had no jurisdiction to grant the interim relief.

Lord Justice Mann agreed with both judgments.

The appeal was allowed. Leave was given to appeal to the House of Lords. No interim order was made pending that appeal.

For the Secretary of State: Sir Nicholas Lyell QC, Solicitor Gen-eral, John Mummery and Christo-pher Vajda (Treasury Solicitor) For Factor Tame and the other owners except Rawlings: David Vaughan QC, Gerald Barling and David Anderson (Thomas Cooper & Stibbard) For Rawlings: Nicholas Forwood QC (Thomas Cooper & Stibbard)

Rachel Davies

APPOINTMENTS

Changes at Thorn EMI Research

THORN EMI has made the following changes. Dr Ken Gray, technical director, will co-ordinate technological innovation throughout the group. Professor Gareth Roberts, director of research. will formulate long-range plans for product innovation. He will retain his professorship at Oxford University and manage the company'e laboratory there. Mr Steve Bates has been appointed director of the central research laboratories. He was assistant director, systems group, at the laboratories. The board of Thorn EMI Research now comprises Dr Gray as chairman and chief executive, Professor Roberts, Mr Bates and Mr Jeff Wynne, director of the new business ventures

Sir Frederick Wood, life president of CRODA INTERNATIONAL, has retired as a non-executive director, and Mr J.F.G. Emms retires as a non-executive director on April 30. Mr J.D. Lloyd has been appointed a non-executive director. He was with Shearson Lehman Securities.

SUTCLIFFE SPEAKMAN WIIIbe Mr John Hellak, chairman; Mr Nicholas Wilkes, chief executive; Mr David

Warburton, financial director, and Mr David Rogers, Mr Stephen Wilkes and Mr Bob Burnett, directors. Mr Ken Shee continues as a main board director until after the annual mosting, when he will become executive chairman of Sutcliffe Croftshaw

Mir Peter Toulinson has become non-executive chairman of G.F. TOMLINSON GROUP, Derby, and Mr Barry Seward has been appointed managing director.

Mr David Farnsworth has been appointed an executive



Mr Martin J. Ansley (above) has been appointed managing director of NATIONAL OIL-WELL (U.K.), Stockport. He was assistant to the president of Anneo Inc in the US, one of National Oilwell's parent com-

director of the WELSH DEVELOPMENT AGENCY to take charge of its new development projects division. He was a development executive with the Ladbroke Group.

Mr Victor Smith has been appointed assistant general manager, property and project finance, with THE MITSUI BANK, London. He was an essistant director with Banque Paribas in London.

M Mr Alan Tate has been appointed president of the INCORPORATED SOCIETY OF VALUERS AND AUCTIONEERS. He is a partner of Healey and Baker.

m Mr Mike Anthony, managing director, UK and Europe for SEI, has been elected president of THE PENSIONS MANAGEMENT PASSITITE Elected with INSTITUTE, Elected vice presidents are Mr Norman Braithwaite, director, William M. Mercer Fraser, and Ms Anne Wood, group pensions manager, Storehouse; Mr Neil Watts, director, Noble Lowndes Pensions, becomes honorary treasurer.

EMAP VISION has appointed Mr Roger Green and Mr Terry Denham as publishing directors.

■ BRIDPORT-GUNDRY bas appointed Mr Graham
MacSporram as group finance
director. He was financial
director of Appledore and
Ferguson Shipbuilders, a subsidiary of British Shipbuilders.

Lloyds Bank international director



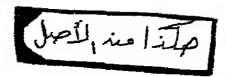
Mr John Davies, (above) a senior general manager, has been promoted to director of international banking at LLOYDS BANK following the retirement of Mr Len King-

C.E. HEATH has appointed Mr Michael Kier as a group managing director responsible for broking activities; Mr Peter Presland becomes a group managing director responsible for the rest of the group's activities

Mr J.A. Findley and Mr J.J. Tigue have been appointed assistant directors of FOREIGN & COLONIAL

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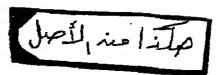
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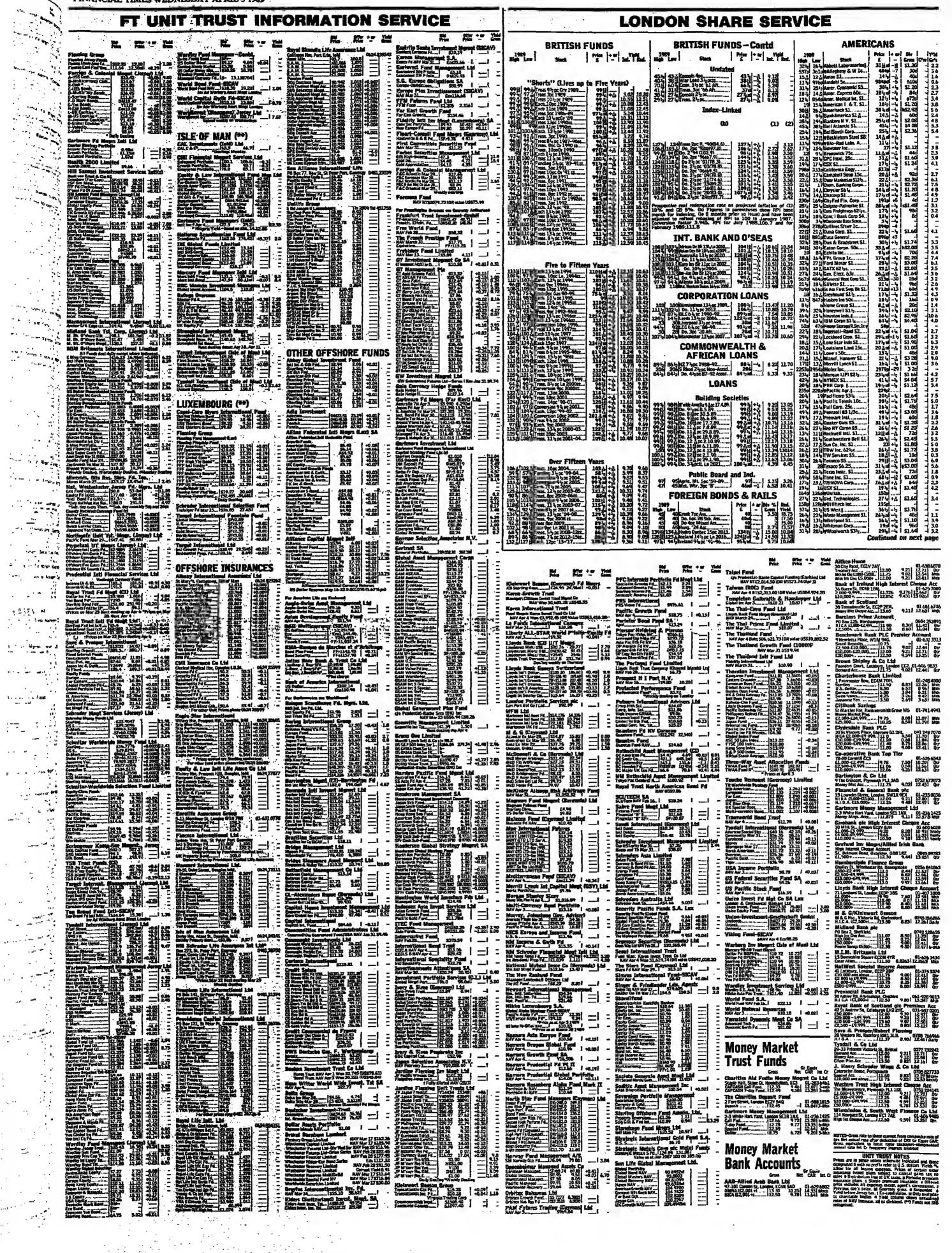


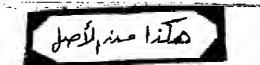
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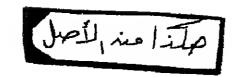
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

THE DOLLAR lost ground in nervous trading yesterday, fail-ing to move over DM1.8750 but holding above a key support level at DM1.8640. The determination of the Group of Seven nations to maintain dollar stability was sufficient to encourage many investors to taka profits and retreat to the side-lines.

The weaker tone meant that central hanks stayed away frnm the market place, but traders are under nn illusions that a further attempt to break through DM1.8900 will prompt dollar sales by the central banks, including the Bank of Japan which intervened on Monday for the first time since

The US unit npened at just below DM1.87 hut edged up to a high of DM1.8735 soon after the start of trading in New York. However, the slightly firmer trend was reversed after norments by Mr Pierre Bere-govoy, the French Finance Minister. Speaking in Washing-ton after the IMF/Group nf Seven meeting. Mr Beregovoy stressed that a further rise in tha dullar would hinder the currectinn of glubal trade imbalances and trigger compet-itive interest rate increases.

2	IN	NEW	¥	ORK
Apr.4		Latest		Previou Close

Apr.4	Latest	Close
E Spot	1.7090 · 1.7100 0.48-0 47pm 1.39 · 1.36pm 3.72 · 3.65pm	1.6925-1.6935 0.40-0.37pm 1.15-1.10pm 3.00-2.90pm
		pply to the US dollar
STE	RLING I	NDEX
	Apr	A Previous
0.20		4 040

CURRENCY RATES

Apr.4	Bank	Special*	European
	rate	Drawing	Currency
	%	Rights	(Init,
Sterling U.S Dollar U.S Dollar Grandlan's Austrian Sch. Belgian Franc, Danish Krone, Denishe Mark, Neth Gollder French Franc Japanese Yen Kowdy Krone Spanka Pesta Swedish Krone Spanka Pesta Swedish Franc Greek Draot, Irish Punt,	25. m. 25.	0.770275 1.29229 1.53757 17.1900 51.1618 9.50156 2.44462 2.75581 8.24352 1772.37 171.616 8.87028 152.025 8.30813 2.14326 MIA	0.553442 1.11164 1.32029 14.6469 43.5900 8.10550 2.08209 2.34800 7.02054 1527.17 146.791 7.55913 129.450 7.08668 1.82030 1.76.661 0.780424

"All SDR rates are for Apr.3 **CURRENCY MOVEMENTS**

Apr.4	Bank of England Index	Morgan Guaranty Changes %
Sterling U.S. Dollar U.S. Dollar U.S. Dollar Sterling Ste	95.6 67.9 102.7 105.8 102.9 112.6 103.6 110.0 99.7 148.4	-14.5 -9.8 -9.3 -49.8 -1.9 +20.3 +13.0 -15.0 -20.3 -20.3

1985 = 100 Bank of England Index 1985 = 1007 Rates are lurApr.3 ,

Apr 4	£	3
Argentina .	84 8380 - 85 0340	49,7000 - 50,0000
Australia	2.0660 - 2.0690	1 2125 - 1 2135
Brazil	1.6980 - 1.7080	0 9950 - 1 0000
Finland	7 1760 - 7 1975	4 2070 - 4 2090
Greece	268 20 - 272 70	157.30 - 159 85
Hong Kong	13.2720 - 13.2745	7 7840 - 7.7860
trae	12B 20°	70 20'
Karea(Sth)	1131 10 - 1140 20	667.10 - 672.50
kunesii	0 49320 - 0.49525	0 28950 - 0 29000
Linzembourg	66 75 66 85	39 10 - 39 20
. دادردندان	4 6845 - 4 6935	2 7470 - 2 7450
Mexico	4083 50 - 4103 50	2393 00 - 2403 00
N Zealand	2 7640 - 2 7690	1 6200 - 1 6230
Şaadi Ar 📖	6.3995 6 4090	3 7500 - 3,7510
Singapore .	3 1235 3 3290	1.9485 - 1.9505
S Af (Cm)	4 3410 - 4 3525	2.5455 - 2 5470
5 4/ (Fm)	7 0245 - 7 1720	4.1150 - 4 2015
Tal∉20 .	45 90 - 46 10	27.25 - 27.35
U A E	6 2650 6 2760	36725 - 36735

The dollar touched a low of DM1.8640 before recovering to finish at DM1.8700, still down from DM1.8820 on Monday. It was also lower against tha yen at Y130.90 from Y132.05. Elsewhere, it finished at SFr1.6315 from SFt1.6480 and FFr6.3100 compared with FFr6.3525. On Bank of England figures, the dnllar's exchange rate index

fell from 68.5 to 67.9. The dollar now seems likely to stay within a fairly narrow band until the next key pointer on the economy, US employ-ment data, which is due on Fri-

day. Sterling opened on a firmer note as investors took heart from comments by Mr Nigel Lawson, tha UK Chancellnr, that any serious risk of a fall in sterling would not be acceptable, and that there would be no hesitation by the authori-ties in increasing interest rates to defend the pound, as and

when necessary UK interest rates were slightly inwer yesterday as

sterling's exchange rate index improved to 95.6 at the close, up from an opening level of 95.4 and 95.0 at the close on

Monday. The pnund rose to \$1.7065 from \$1.6860 and DM3.1900 compared with DM3.1725. It was also higher against the yen at Y223.50 from Y222.75. Elsawhere, it finished at SFr2.7755 from FFr10.760.

The D-Mark muyad np slightly against the French franc to finish at FFr3.3745 in London against FFr3.3720 at the Paris fixing. Hnwaver, there was little change from the cluse on Monday of FFr3.3750. Nevertheless, the D-Mark gained underlying support from a weaker dollar, and news that the Bundesbank's

news that the Bundesbank's latest sale and repurchase tender has no minimum bid rate.

Average exchange rates for major currencies against the dollar in March were: sterling 1.7137; the D-Mark 1.8648; and the Japanese yen 130.36.

E	MS E	JRO	PEAN C	JRI	RENCY	INU	T RAT	ES.	
		Ecu centra rates	Corren amoun against i Apr.A	is Ear	% change from central rate	adj	change inted for rergence	Diverge Umit	nce %
Belglan Fran Danish Krooe German D-Mi French Franc Dutch Gullde Irish Pent Italian Liva Chances are	aris	42.48 7.85 2.056 6.904 2.315 0.7684 1483	112 8.105 153 2.065 103 7.021 103 2.345 111 0.7804	250 209 154 100 124 17	+2.67 +3.23 +1.14 +1.69 +1.23 +1.56 +2.94		0.94 -1.50 -0.59 -0.50 -0.17 -1.92	±1.53 ±1.54 ±1.36 ±1.36 ±1.66	104 181 174 112 184
	ND SE		FORWA	RD	AGAIN	IST 1	THE P	OUN	
Apr.4	Day's	å	Close		One month	% P.L.	Three prombs	<u> </u>	% 13.
US Canada Netherlands . Belgium Densnark	1.6995 - 1 2.0195 - 2 3.584 - 3 66 50 - 6 12.374 - 1	.0285 604 6.85	1.7060 - 1.7070 2.0255 - 2.0265 3.594 - 3.604 66.75 - 66.85 12.41 - 12.42	٥	42-0.39cpm 18-0.07cpm 2-17-cpm 30-27cpm 5-41-prepri	2.85 0.74 6.45 5.12 4.23	1.17-1 0.45-0. 51-5 82- 131-12	29pm 4 pm 78om	270 0.73 5.97 4.79 4.19

France France Japan Austria Switzerland Belgian rate k 3.04-2.96cpm		10.764 - 1.574 10.764 - 10.87 10.86 - 10.87 223 - 224 22.40 - 22.43 2.78 - 2.79 Inancial trasc 66.95	14-14-0resm 44-34-0resm 14-14-0resm 14-15-0resm 14-13-0resm 67-05-, Str-month	4.46 1.73 9.06 6.49 7.27 forward do	114-104 per 44-41-0-eper 43-41-0-eper 43-32 per 44-32 per 44-34 per palar 2.05-2.00 que	411 161 817 6.00 6.91
DOLL Apr.4	AR SPOT-	FORWAR	One month	ST .	THE DOL	LAR
UK?	1.6995 - 1.7105 1.4235 - 1.4235 1.1866 - 1.1895 2.1010 - 2.1125 7.26 - 7.294 1.8440 - 1.8735 1.53.95 - 1.54.40 115.75 - 116.50 1.368 - 1.574 6.78 - 6.80 6.78 - 6.314 6.354 - 6.38 1.30.66 - 1.31, 15	1.8695 - 1.8705 153.95 - 154.05 115.75 - 115.86 13704 - 13714 6.784 - 6.794 6.304 - 6.314	0.42-0.39cpm 0.31-0.36clfs 0.19-0.23clfs 0.56-0.54cpm 9.00-6.00cpm 0.95-0.70cpm 0.95-0.70cpm 0.95-0.70cpm 17-20clfs 1.70-2.20thredis 0.60-0.80oredis 0.87-0.82cpm 0.55-0.65oredis	285 -282 -212 313 231 136 404 -191 -171 -124 113 605	1.17-1.13pm 0.89-0.99ub 0.56-0.62us 1.62-1.79pm 28,00-18,00pm 2.95-2.60pm 1.76-1.73pm 115-165db; 1.50-6.50sb 5.50-6.50sb 1.75-2.05ub 2.47-2.32pm 1.75-2.00db 1.82-1.75pm	270 -254 -199 343 236 153 -195 -195 -195 -195 -195 -195 -195 -195

W. Gernary 3.184, -3.195, 3.184, -3.194, 13-14-ptpm 6.82 55-5m Portroad. 261, 95 -263.70 262.70 -263.70 24-13-pm 0.94 17-10-de Soain 177 55-198.55 197.55 197.85 23-12-pm 1.06 41-2-bm raly 2333 - 2342-y 23385 - 23395, 3-11-repm 1.03 6-4-pm

EURO-CURRENCY INTEREST RATES									
Apr.4	Short, term	7 Days police	Orse Month	Three Months	Siz Mouths	Oge Year			
Aterling	54-54 64-64 81-84	124-124 911-911-7 114-111-7 63-63-53-64-64-65-7 53-53-64-64-7 114-103-7 78773-84-64-8-1-8-1-8-1-8-1-8-1-8-1-8-1-8-1-8-1-8-	127-121 10-97 11-1-11-2 65-65-65 65-65-65 65-65-65 11-7-11-6 718-718 8-8-8-6 8-8-8-8 10-97	11011111111111111111111111111111111111	114-114-114-114-114-114-114-114-114-114	13-129 104-104 124-124 74-74 64-66 74-68 124-124 84-74 84-74 5-44 104-104			

	EXCHANGE CROSS RATES										
Apr.4	3	S	ОМ .	Yen	F Fr.	S Fr.	H FI.	Lira	CS	8 Pr	
£	0.585	1.707 1	3.190 1.869	223.5 130.9	10.77 6.309	2.785 1.632	3.598 2.108	2339 1370	2.026 1.187	96.80 39.1	
DM YEN	0.313 4.474	0.535 7.638	14.27	70.06 1000.	3.376 48.19	0.873 12.46	1.128 16.10	733.2 10465	0.635 9.065	20,9 298.9	
F Fr. S Fr.	0.929 0.359	1.585 0 613	2.962 1.145	207.5 80.25	10. 3.567	2.586	3.341 1.292	2172 839.9	1.881° 0.727	62.00	
H FI. Ura	0.278 0.428	0 474 0.730	0 887 1.364	62.12 95.55	2.993 4.605	0.774 1.191	1.538	650.1 1000	0.563 0.866	18.5 28.5	
C S 8 Fr.	0.494	0.843 2.555	1.575	110.3 334.6	\$316 16.12	1.375 4.169	1.776	1154 3501	3.033	32,97 100.	

FINANCIAL FUTURES

Fall in reserves hits confidence

91.67 90.96 90.88 91.10

SW388 FRANC (BMO SFc 125,000 S per SFr

Henry Anstracter
 ANZ Banking Group
 Associates Cap Corp

Bank of Cyprus

Bank of Ireland

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Bank of Cyprus

Central Capital ...

SHORT STERLING for June delivery edged slightly higher in the last few trades on Liffe yesterday, to close at 87.05, compared with 87.04 on Monday. This was regarded as a disappointing performance, in a subdued and quiet market

The mood appears to have changed significantly recently, and traders were not prepared to become more enthusiastic

determination to defend ster-ling wera regarded as an attempt by the authorities to LIFER LONG CR T CHTMES OF

LIFFE S/S OPTIONS 625,000 (coals per \$1)

Estimated volume total Previous day's open lot. Estimated volume total, Calls 126 Pots 0 Previous day's open int. Calls 48 Puts 160 PHILADELPHIA SE E/S OPTI

1.16 1.90 3.10 4.67 8.61 10.69 1427 0.45 1.10 2.06 3.62 5.45 7.73 10.07 \$9 285 391 5.18 6.65 8.29 10.09 12.00 Sep 6.56 5.09 3.85 2.85 2.05 1.51 1.03 Previous day's open let: Calls 329.73 Previous day's volume: Calls 17,641 LONDON (LIFFE) CHICAGO

Estimated Volume 7023 (11713) Previous day's open int. 20969 (1992) High Low Pres. 93-02 93-02 93-01 104.92 104.92 104.76 104.07

Estimated Volume 385 (267) Previous day's open Int., 756 (740 THREE MONTH STERLING \$500,000 points of 180%

FY-SE 100 DIDEX 525 per full index point High Law Pres. 215.00 213.50 213.70 218.20

89,47 89,35 89,25 89,57 Est. Vol. (Inc., figs. pert shown) 10976 (8267) Previous day's open int. 51230 (51921)

Close High Low 88-24 88-30 88-20 88-26 92.50 92.50 92.60 POUND-S (FOREIGN EXCHANGE) 1.7065 1-mth. 3-mth. 6-mth. 12-mth. 17025 16950 16863 16765

Jon Sep Dec DAN-STEALING St per S Latest High 1.6498 1.6472 1.6830 1.6680 1.6784 1.6840 14916 16792 14930 16792 14630 16702

on the foreign exchanges.

Dealers questioned how far sentiment would have moved against sterling instruments, hnt for the improvement by the pound. Remarks by Mr Lawson, the Chancellor, about

reserve figures came as something of a shock. The market realised the Bank of England had supported the pound recently, and it was expected the reserves last month had fallen by \$250m to \$400m, but not by as much as the published figure of \$1.2bn.

This was regarded as a blow to hopes that bank base rates can be held at 13 per cent, with dealers warning that loss of confidence in the pound could soon lead to a rise to 14 per cent. A key support point for short sterling is at 86.92, and if confidence continues to fade an early test of this level appears to be likely.

LIFFE SHOET STEELDIS

Strike Price 1.650 1.700 1.750 1.800 1.900 1.950 Puts-set May 3.70 7.70 12.50 17.50 Agr May Jam Sup 1.69 1.30 2.15 3.30 0.20 0.45 0.40 2.00 0.20 0.20 0.35 1.10 0.20 0.20 0.25 0.60 0.20 0.20 0.35 1.0 0.20 0.20 0.25 0.60 0.20 0.20 0.25 0.60 0.20 0.20 0.25 0.60 0.20 0.20 0.25 0.60 0.20 0.20 0.25 0.60 0.20 0.20 0.25 0.60 2.70 7.20 12.20 17.10

91.82 90.92 90.81 91.10 89.47 89.36 89.27 89.61 89,90 90.11 90.14 90.27

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Unity Trust Bank Pfc
Western Trust
Western Trust
Western Bank Corp.
Whitemway Lakilaw
Yorkshire Bank

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Banking & Securities Hooses
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5 11.72% & Mortgage base rate. §
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BASE LENDING RATES

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C. Hoare & Co. 13
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Middand Bank 113 13
Mortgage Express Ltd. 413.75
Moorn Belg Corp. 13
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talk the currency higher with-out spending more in foreign about the future prospects for UK interest rates, in spite of a better performance by sterling serves. Publication of the March

ACROSS

1 Sound axiom for accommodating a good man (6) Rose caused offence (6) Force accepting a tribute (6) 10 Biscuits or nuts? (8)
12 A European schoolboy can get round the school-head
(8)

13 There's hash for the girl (6) Some soldiers will go on so when hritated! (4) 16 Place with a railway still

19 Ill-advised, imprudent, etc. insider dealing (10)

20 Not all of the peers wear e sword (4) 23 In a heavy-

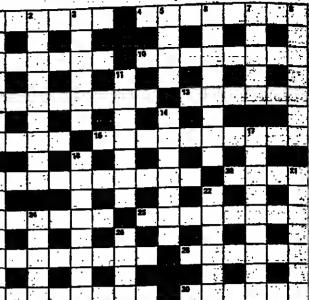
sword (4)
23 in a heavy-weight's favour?
Just a little bit (6)
25 Purchase the pupil always
has time to make (8).
27 A far from modest flower opening (8)
28 Having to lie about one's

fight (6)
29 Reserving a space for advertising display (8)
30 Making a fabulous creature pull over (6) 1 Hold back a note and news-men will be after it! (7)

Broadcast involving car tested unsatisfactorily (9)

8 Missing the sunrise in the Greek capital (6) 5 Features in really fearsome horror-stories (4)

CROSSWORD No.6,901 Set by VIXEN



6 "Cnuraga mnunteth with" Shakespeare (8) 7 Some naturally act inclsively (5) 8 Dicky does try to finish (7)

8 Dicky does try to mush (?)
11 The torch-bearer's requirement (?)
14 Put forged notes into circulation, so it's said (?)
17 A very quiet area of London which is most attractive (9)
18 Not all the same to a dress designer (8)
19 Challenge a trouble-maker

over every one (7)
21 The football team's right to occupy flat (7) 22 A shooting star of remote origin (6) 24 Dramatic music (5)

26 Caught and bolted tity of fish (4)

Solution to Puzzle No.6,900 E A U E A R C I

JOTTER PAD

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MONEY MARKETS

London rates ease

THERE WAS a slight softening of interest rates in London yes-terday, as the market responded to a stronger pound and comfortable day-to-day

Comments by Mr Nigel Lawson, the Chancellor, about raising interest rates if sterling should fall, had a paradoxical

UK clearing bank base leading rats 13 per cent from November 25

impact on the money market, helping to encourage the softer tone because the pound was in effect being talked higher.

Three-month sterling interbank eased to 131-13 per cent from 13%-13 per cent and 12-munth to 13-12% per cent from 131-13 per cent. Credit was in free supply in the market, helping to keep seven-day money soft at 12%-12% per cent.

The Bank of England initially forecast a money market credit surplus of around £100m, but revised this to a flat position at noon, and back to a surplus of £100m in the after-

noon. There was no action by the authorities in the morning, but in the afternoon the Bank of England absorbed part of the surplus by selling £50m Treasury bilis, due today, at rates of 12%-12% per cent

Bills maturing in official hands, repayment of late assis-tance and a take-up of Trea-sury bills drained £148m. This factor was nutweighed by Exchequer transactions adding £75m to liquidity, a fall in the note circulation of £65m and bank balances above target of £110m.

fillom.

In Frankfurt call money was steady at 5.90-6.00 per cent, after the West German Bundesbank offared liquidity to the hanking system via a two-tranche securities repurchase agreement tender. The central bank set a 22 day forgility and of bank set a 27-day facility and a 57-day facility, at no minimum hid rate. Two earlier agreements totalling DM37.5bn expire today.

The move to a variable rate

rate tender is expected to pro-duce rates above the 5.80 per cent paid for recent fixed rate pacts, but was not regarded as a sign that the Bundesbank is tightening its credit stance. Dealers do not foresee any change in key interest rates at tomorrow's central bank coun-

cil meeting.

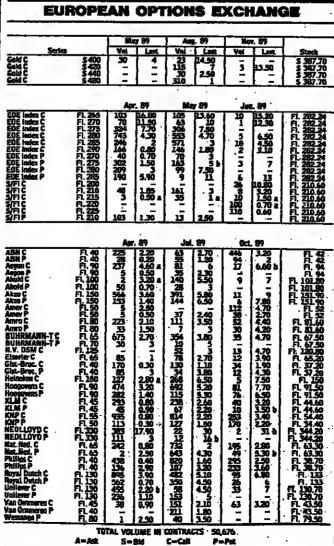
In Brussels the Belgian
National Bank cut the rate on four-month paper, issued by tha Securities Regulatinn Fund, by 0.05 per cent to 8.25 per cent. Rates on one-month; two-month and three-month Treasury certificates were left at 7.90 per cent; 8.10 per cent and 8.20 per cent respectively

	bid 101s offer 101s bid 103s offer 103s The fixing rates are the articlosetic means recorded to the material one-statement, of the bid and offered rates could by the market to five reference busins at 11.00 a.m. each working day. The banks are National Western, State of Totyo, Decreate Bank, Sprace National de Paris and Morpas Generally Tradit.		3 months US dollars	ERBANK F	US Dollars
refixing rates are the arithmetic means rounded to the motivest one-statement, of the hid and offices rate	er fixing rates are the artitionetic instans rounded to the matrix, one-statesoith, of the bid and offered rates oved by the market to five reference banks at 11.00 a.m. each working day. The banks are National We not, Bank of Tolyo, Destacte Bank, Bompse National de Paris and Morgan Generally Tradi.	bid 104	offer 104	, bid 103 ₀	offer 101 ₂
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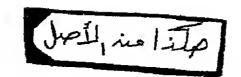
NEW YORK			Treasur	Bills and	Bonds	
(Lunchtime)	4	Doe roonth Two month		8.92 Three	769'	9.47
Prime rate Broker loan rate Fed funds Fed funds at Intervention	102-5	Three month Six month Me year Two year		9.18 Fire 9.34 Seren	jear	9.28
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Apr.4	Creenight	7 days	One	Titree	Six	Çoş Yezr
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U Linked Dep Bid	- 1		3350 asa (1150 asa	않	84	81 ₀ 91 ₀

discount 12.3940 p.c. ECGO Fixed Rate Starfing Export Finance, Males us day March 31. 1989, Agreed rates for period April 26,1989 to May 23, 1989, Scheme I: 13.90 p.c. Schemes II & III: 14.37 p.c. Reference rate for period March 1 to March 31, -1989, Scheme IV&V: 13.06 p.c. Local Antiority and Finance Houses seem days footice, others seem days flyad, Finance Houses 8ase Rate 13-2 from April 11, 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit Series 6); Deposit £100,000 and over held under one manth 912 per cent; one-three months 11 per cent: three-sky months 11 as per cent; one-three months 11 per cent; three-six months 11 per cent; six; nine-twelve months 11 per cent; six; nine-twelve months 11 per cent; from posits withdrawn for cash 5 per cent.



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NEOLLOYD C
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		WORLD STO	CK MARKETS
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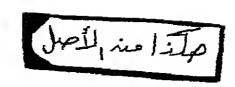
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Timid Dow eyes dollar movements

Wall Street

A LACK of fresh economic news kept equities trading in s tight range yesterday with a bias towards weakness, writes Janet Bush in New York. The Dow Jones Industrial

2,298.20 on only moderate volume of 160.7m shares. Like the US Treasury bond market, stocks tended to track movements in the dollar, with currency policy at centre stage after the weekend meeting of the Group of Seven and its strongly worded official statement warning that it did not want to see a higher dollar.

That statement was followed up yesterday by comments from Mr Pierre Beregovoy, French economics minister who repeated that G7 did not want a higher dollar.

The US currency's performance has been rather resilient considering the tone of the G7 statement - more forceful than the usual anodyne release dinated intervention of Monday, which included dollar sales by the Bank of Japan.

The dollar's ability to hold up in spite of these pressures has beloed keep both bonds and stocks steady. The US currency started off weak yester-day after Mr Beregovoy's comments but managed to hover just above its lows in late trading. It was quoted in New York at Y130.95 from a low of Y130.60 and at DM1.8690 from DM1.8625 earlier.

This week is likely to be meventful as markets, which have now partly digested the implications of the G7 meeting, sit it out until Friday's release of jobs and wages figures for March. After that news, the wait will be for the March producer and consumer prices data on April 14 and 18 respec-

Apart from the fact thet there was no fundamental eco-nomic news yesterday or much in other financial markets to influence trading, the equity market had some reason to be cantious after its rise of 61.76 points over the previous six sessions which once again lifted the Dow above 2 300. Breadth of buying and vol-ume over this string of gaining sessions (apart from the day when the Dow fell by 0.18 point) has not been all that encouraging, and the rally on Monday was helped considerably by a speculative froth around rumoured takeover

This helped some individual issues again yesterday. For example, there was the news that Mr Harold Simmons, the investor, has purchased stakes in four companies which promted speculation that he may try to acquire one of

Phelps Dodge, the largest copper producer in the US, rose \$2% to \$56 on the New York Stock Exchange and PACCAR gained \$% to \$48% in over-the-counter trading. Lockheed, which Mr Simmons now has a 5.3 per cent stake in, dropped \$2 to \$47% having risen sharply on Monday and Chrysler, the fourth company,

fell \$1/4 to \$24%.

Analysis explained the only selective gains of Mr Simmon's new stable of investments by arguing that PACCAR and Phelps Dodge were most like his previous investments

which had tended to concentrate in cyclical industries. The technology sector was umder pressure vesterday after Tandem Computers said that it expected revenue for the quar-ter ended March to be below analysts' forecasts. Tandem dropped \$2% to \$14%.
Among other computer

issues, Compaq slipped \$1 to \$69%, Hewlett-Packard fell \$% to \$51% and SunGard Data Systems dropped \$% to \$13% after the company, which provides disaster recovery services for computers, said that IBM would begin offering the

same service. Whiripool dropped \$% to \$27% after Mr Albert Suter resigned as president and chief-operating officer after only eight months.

Canada

Uncertainty about the economy and scepticism about the economy and scepticism about the Government's pledge to cut the deficit saw stocks close lower in light trading.

The composite index fell 9.66 to 3552.6. Declines led advances

nearly two-to-one in thin volume of 18.2m shares.

Montreal's market slice increases

THE MONTREAL Exchange is once more gaining market share from its bigger rival, the Toronto Stock Exchange, writes Robert Gibbens in Mon-

In the first quarter of this year, Montreal took 29.2 per cent of the combined value of trading on both exchanges, up from 18.1 per cent for the whole of 1988.

The best performance came in February when Montreal's share was almost 24 per cent. The Montreal exchange is about halfway through a C\$8m (U\$\$6.7m) upgrading of its computerised trading systems and hopes to extend its market share further, says Mr Bruno Riverin, president.

Montreal is the only Canadian exchange with electronic trading links with a US board. However, the Toronto Stock

Exchange still handles about 75 per cent of all stock trading by value in the Canadian stock exchanges, including Vanconver and Calgary.

Yen's recovery inspires another surge in Nikkei

Tokyo

THE YEN'S strong rebound against the dollar fuelled inves-tors' buying fervour and boosted share prices to another all-time high, writes Michigo Nakamoto in Tokyo.

The Nikkel average climbed 270.18 points to close at a record of 33,312.25, its sixth consecutive daily gain. The day'e high was 33,340.30 and the low was 33,065.71.

Advances led declines by 504 to 391 while 157 issues were uncharged. unchanged

Turnover surged to 1.83hm shares from 1.43hm traded on Monday. The Topix index of all listed shares also added 15.49 to 2.483.01 and in later London the USE of the USE of the State of the USE of the trading the ISE/Nikkel 50 index rose 2.15 to 1.998.0.

Trading yesterday was sup-ported by the return of institutional investors to the market, as external factors began to show signs of improving. While individuals had more or less brushed away their worries, institutions had largely main-tained a cautious stance up to now. Yesterday's strengthening of the yen against the dol-lar and the agreement by the Group of Seven to cooperate in maintaining currency stability encouraged institutions to join

The growing consensus among the optimists is that inflation worries, oil prices and the yen are all within an acceptable range, and the view that the threat of inflation in Japan has been overplayed is-

beginning to gain ground.
Politically, the effect of the Recruit share sale scandal on the ruling Liberal Democratic Party (LDP) remains a worry. But things are not expected to come to a head at least until June, just before the July elec-tions for seats in the House of Councillors. Investors would like to get what they can out of the market before the political

ity to large-capitalisation issues such as steels, shipbuild-ings, utilities and trading houses. The stronger yen also helped to revive interest in

Kawasaki Heavy Industries topped the most actives list with 122.9m shares traded and firmed Y98 to Y1,080. Nippon Steel was second with 113.2m shares and added Y37 to Y965. Kobe Steel rose Y40 to Y925 in

heavy trading. Ishikawajima Harima Industries was selected on news con-cerning its plans to build a high-rise building on one of its-sites along the Tokyo Bay. It was third most actively traded with 78.6m shares and gained Y80 to Y1.360. Mitsubishi Heavy Industries

added Y40 to Y1,180 while Sumitomo Heavy Industries rose Y60 to Y1,180 on its plans to build a leisure facility on a for-mer plant site. It was also popular for its improved earnings position, posting a recurring profit for the year ended March for the first time in four years. Trading companies were favoured for their liquidity and their involvement in redevelopment projects. Mitsui advance Y20 to Y1,250 while Mitsubis gained Y40 to YL,660. Marubeni

added Y30 to Y1,020. Pharmaceuticals, which posted impressive gains on Monday, suffered profit taking. Both Sankyo and Takeda lost Y90 to Y2,600 and Y2,440 respectively. Daiichi Seiyaku dropped Y140 to Y2,800.

Koito Manufacturing, the maker of automobile parts closely related to Toyota Motors, lost Y130 to Y4,700. The company's shares suffered a sethack both on Monday and yesterday following news that Mr T Boone Pickens, the US corporate raider, has acquired a 20.2 per cent stake in the company, replacing Toyota as Koito's largest shareholder in what was taken to be a greenmail attempt.

SOUTH AFRICA

A MARGINALLY better bullion price and a sharply weaker dollar gave support to gold shares which closed MARGINALLY better destly firmer in light

turnover.
Southvaal rose R2 to R158, clouds start to gather. while Harbebest and Bestrix.
The return of institutional both rose 50 cents to R27 and investors led to a shift of activ.

R14 respectively. B14 respectively.
In mining financials, Geneor gained B1 to R87.50 while Rus-

tenburg Platinum was R1.75. better at R57.25. Industrials followed the trend, Barlow firmed 36 cents to R36.85, Messina rose 85 cents to R24.10 and SA Breweries added 25 cents to R22.75. upward momentum, led by large capitalisation steels and shipbuildings. The OSB average added 209.17 to \$1,805.71. Turnover rose to 169m shares from 136m on Monday. Kawa-saki Heavy Industries rose 730

Roundup LARGE losses put Australia into the spotlight in the Ania Pacific region yesterday, while movements elsewhere were

limited: AUSTRALIA fell heavily as weaker base metal prices, a rise in the local dollar and concern about an increase in inter-est rates sparked a bout of selling which took the market to the lowest level for 11 months.

The All Ordinaries index found little support below the key 1,450 level and finished 19 down at 1,433.0. Trading was very thin, however, at 77m shares worth A\$138n

Among the few gains, Pio-neer International was up 5 cents at A\$2.44 amid specula-tion about a takeover by BYR. Nylex, which sank 20 cents to

Gold and mining issues were particularly hit by the jump in the Australian dollar. HONG KONG was given a late boost by foreign buying, ending higher in spite of expec-tations of a slow day before today's Ching Ming grave sweeping holiday. The Hang Seng index recovered from earlier losses to end 4.71 higher at 2.991.96.

Volume rose rapidly at the end of the session, with HK\$1.07bn worth of stock changing hands by the close, slightly up on Monday. Only half an hour earlier, total volume was a mere HK\$348m. Utilities were particularly in

demand. SINGAPORE remained cau-tious, ending mixed after an active alternation between profit-taking and renewed buying. The Straits Times indus-trial index gained 5.98 to 1,193.25 in turnover of 87.4m shares, up from Monday's 76.9m.

Two weeks of gains in exceptionally high turnover have now led to a pause, although there was selective buying yes-terday, especially in Malaysian stocks.

1.5

Amsterdam and Madrid climb to new highs

IN A mixed day for European bourses, Amsterdam and Mad-rid reached new highs for the year, and speculative activity returned to Paris, writes Our

Markets Staff. AMSTERDAM had an active session, with turnover swelled by befty switches in leading blue chips, Helped by speculative buying, the CBS tendency index rose 0.5 to a year's high of 174.5 in turnover worth FI 951m. Internationals were weaker following a lower start on Wall Street. Royal Dutch was the most

active stock, easing 50 cents to Fl 133, followed by Akzo, which was off 10 cents at FI 151.90 after blocks as large as Fl 15m worth of shares were traded. Publisher Elsevier was the third most actively traded stock, ending 20 cents lower at Fl 65.20 on profit-taking after its strong results on Monday. The transport and storage sector was firm, with Pakhoed rising Fl 3 to Fl 131 before its the subject of speculation after

USTRIA marched to the top of the bourse league last month with a spectacular rise of 13.8 per cent. as foreign and domestic

investors fought for a limited amount of stock.

other world equity markets. The US and the UK remained

in the stranglehold of interest rate worries, rising just 2 per cent and 3.2 per cent respec-tively in local currency terms.

Japan had its own worries as

the Recruit scandal continued to claim victims and reduced public support for the Govern-ment, with the market manag-

ing a rise of only 0.9 per cent, according to the FT-Actuaries

World Indices.
The world as a whole ended

the mooth with a gain of 1.8 per cent, weighed down by the Japanese market, which

accounts for about 45 per cent of the World Index. The picture

would have been much worse

MATIONAL AND REGIONAL MARKETS

show number per grouping

Australia (89 Austria (18). Beiglum (63)

Canada (127

rong Kong (49) Ireland (17).... Italy (98).... Japan (455).... Malaysia (36)... Mexico (13)... Netherland (42). New Zealand (24

New Zealand (24 Norway (26).....

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iesser-known bourse found fame in a mouth of mixed performances from

special shareholders' meeting on April 20 - only six weeks before its AGM - to seek approval for a range of anti-takeover defences.

Textile company Nijverdal ten Cate added Fl 5.80 to Fl 96.50 after news it was disposing of its South African assets, which should not only produce a book profit but also open the company up to US institutional investment prohibited until now by its South African links. The first quarter saw record

share turnover of F1 23.55bn in

Amsterdam, up 56 per cent on the same period in 1988, the bourse reported.
PARIS was dominated by speculation over the suspension of two CGE subsidiaries -Alsthom and Alcatel - and ended firmer with some good demand for quality stocks.

The OMF 50 index rose 2.08 to 469.74 and the CAC 40 index

picked up 10.72 to 1,666.50. Volumes were estimated at higher than the FFr1.3bn seen in

had Japan not sprung into life last week; the market rose by more than 4 per cent in just four days after Easter.

Continental Europe was the

best performing region, jump-ing by 4.4 per cent as the smaller bourses found friends

at home and abroad. Italy climbed by 5.1 per cent, Spain

by 4.6 per cent and the Nether-lands by 7 per cent. But France and West Ger-

many stuck to a narrow trading range and underperformed, with respective rises of 3.8 per cent and 2 per cent. Interest rate worries, the Easter holi-day period and the feeling that

share prices had risen too much of late were all to blame.

Austria'e sharp rise repre-sented a classic supply/demand syndrome. Mr Andrew Thom-

son, analyst at Kleinwort Ben-

son, says: "There's a lot less

stock around than there was three months ago." Kleinwort

is recommending a weighting of 3 per cent for the market

within a European portfolio -

MONDAY APRIL 3 1989

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news of 22 per cent higher annual profits, within the range of expectations. The group held a press conference after the market closed and confirmed market rumours of plans to restructure its compli-cated shareholdings in Alcatel

and Alsthom. The positive picture for the retailing sector painted by French research honse Detroyat helped Printemps 4 per cent higher, up FFr24 at FFr616. Moulinex had a busy day, with 375,000 shares changing hands, and soared FFr12.20. or about 10 per cent, to FF7135.50.

MADRID was again in fine form, closing at its highest level of the year in active trad-ing. The general index rose 3.62 to 291.25, taking its gain over the past eight sessions to 5 per

FRANKFURT slowed down after Monday's sharp gains, with the FAZ index gaining just 1.15 to 562.72 and the DAX closing down 4.56 at 1,339.79 CGE was firm, adding FFr3 but off its lows. Turnover to FFr431, before releasing remained strong at DM3.77bn,

well above its 0.8 per cent weighting in the regional index.

Europe was also buoyed by

Scandinavia's strength, with the Nordic index rising 6.2 per cent. Norway jumped by 9.6 per cent, Finland by 6.3 per cent, Denmark by 5.9 per cent

and Sweden by 5.8 per cent. Healthy gains in corporate profits, firm North Sea oil

prices and s buoyant market for pulp and paper helped indi-vidual bourses.

Only three markets ended

last month in the red. Austrahas knocked by the weak bullion price and concerns over the local economy, falling to bottom place with a loss of

New Zealand followed suit -

troubled also by problems at Chase Corporation – and lost 0.9 per cent, while Hong Kong

was little changed, off 0.2 per

FRIDAY MARCH 31 1989

Austria thrives on stock shortage

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Currency Index

109.07 111.66 127.98 115.61 169.59 134.65 116.57 82.59

Grass Div. Yield

Lesser-known bourses sparkled in March, writes Hilary de Boerr

though down on Monday's DM4.5bh.

The Bundesbank's decision to set a two-tranche securities repurchase tender with no fixed rate caused some uncertainty, but the weaker tone of the dollar encouraged the view that there should be no rise in interest rates at tomorrow's Bundesbank council meeting. Chemicals saw profit-taking

after Monday's strength, BASF lost DM1.70 to DM297.20 before today's results; the stock has risen strongly on expectations that BASF will seek to match the dividends of the other chemical majors by lifting its payout from DM10 to DM12. Engineer Linde rose DM3 to DM775 after its higher sales fig-ures on Monday, but Mannes-mann, which said it expected better 1989 results, was off DM4.50 at DM238.50.

ZURICH was little changed at the end of the day, with the Credit Suisse off 0.3 at 563.7. Baer Holdings' bearers rose SFr150 to SFr12,450 as talk circulated that Banesto of Spain

FT-A World Indices (£ terms)

Austria

1989

The overall picture for stock markets is bright so far this year. Only one market, Austra-

ita, is lower than at the start of 1989, falling by 2.7 per cent in

West Germany has been the second worst performer – up just 0.5 per cent.

DOLLAR INDEX

Apr

Jan

the first quarter.

trading as investors sold out of Kvaerner in response to news Sweden had sold an 11 per cent stake. Kværner fell NKr2 to NKr330 and the all share index lost 2.64 to 450.41. STOCKHOLM benefited from

further buying of Asea Brown Boveri, which continued to recover from a negative initial reaction to its results last Fri-day. Asea free B shares rose SKr17 to SKr495. Industrial group Skane-Gripen B shares rose SKr7.50 to SKr58 and investment company Cardo's free B shares dropped SKr15 to SKr305 in reaction to the latter's bid for

the former. The Affärsvärlden index rose 3.9 to 1,137.7. MILAN edged higher in con tinued thin turnover, with the Comit index up 1.53 at 607.49 and volume estimated st L125bn. Uncertainty over the Government's spending measures, and particularly over public opposition to new health service charges, was keeping investors cautious.

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The World Index (2451).... Base values: Get 31, 1986 = 100; Finland: Det 31, 1987 = 115.037 (US 5 Index), 90.791 (Pound Sterling) and 94.94 (Loca0; Nordic: Det 30, 1988 = 139.65 (US 5 Index), 114.45 (Pound Sterling) and 123.22 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987 Latest prices were unavailable for this edition.

FINANCIAL TIMES



A change of course ls due to be

presented this year by the prime

minister. His radical

include a reduction of taxes and an introduction of curbs on the welfare

state and the public services sector, writes Robert Taylor

economic programme would

Consequences confronted

its generous welfare state and easygoing life style, is about to be confronted with the consequence of its profligate ways of the past 40 years. This summer the country's

Prime Minister, Mr Poule Schlüter, intends to present a comprehensive and radical economic programme designed to shake up the country with tax reductions, moves to reduce the welfare state and curb the insatiable appetite of the huge public services sector. He and his cabinet colleagues believe that Denmark will have to change course dramatically if it is to survive and compete effectively in international markets. With a level of foreign debt equivalent to 40 per cent of the country's gross domestic product, he argues that there really is no alterna-

tive to what he has in mind. "I will try and negotiate the programme with the other parties in Parliament," he says. But if this fails, he intends to make a direct appeal to the Danish people by calling a ref-erendum, just as he did three years ago to win their approval for the creation of the internal

munity.

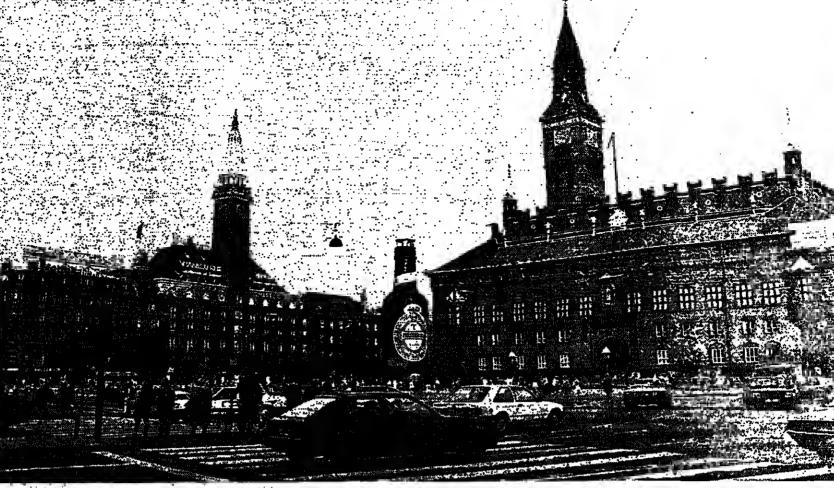
This is a high strategy but Mr Schlüter seasons deter-

o i ingland

COSY, affluent Depmark with mined to take the initiative. After six-and-a-half years in office without a majority for the various coalition govern-ments he has led, Mr Schlüter believes the time has come to force the Danish voters to recognise they simply cannot go on as they have been doing

> What we need to see are lower taxes so that we can inspire more investment and more production," he argues. The central government last year accounted for 59.9 per cent of Denmark's gross domestic product, the highest figure in the world except for Sweden. Its highest marginal tax rate is about 68 per cent and this applies on incomes that are only 20 per cent above the average blue-collar worker's wage of DKr170,000 a year, while the minimum marginal rate of income tax is about 50 per cent.

Over a third of Danes work in the public services sector. Unemployment benefit is relatively generous, amounting to 90 per cent of pre-tax earnings for many up to a ceiling of DKR120,000 a year and lasting up to 30 months. A wide range of social welfare benefits are free for those who want to claim them. Last year's report on Denmark by the Organisa-



tion for Economic Development and Co-operation noted that the country was one of the few where health spending had remained almost constant as a share of GDP".

On the other hand, Denmark has fragmented, small and diverse industries, which many believe face a tough time ahead in competing against the challenge of 1992 and the EC's internal market. Over the past three years there has been a 15 per cent drop in the volume of Danish business investment, weak growth and stagnant productivity. The Federation of Danish Industries believes that resources will have to be transferred from the swollen public sector into the country's manufacturing with an emphasis on a drastic improvement in its international competitiveness. They argue that the Danish public services sector has crowded out" the country's

open market economy.

These views are also shared with varying intensity by . many in the trade unions and

Social Democratic party, who do not question the seriousness of Denmark's economic outlook. This year's wage agree-ment, with only a 3 to 4 per cent rise over 1989 and 1990, may be much less than Mr Schlüter would have liked to see but it suggests a new sense of realism among trade union negotiators, even though com-petitiveness will not be improved by the staged introduction of a 37 hour working week by law to be completed next year. Most senior Social Democrats seem ready to adopt

to the centre ground.

But how will the Danish peo ple respond this summer to the politicians and their talk of drastic change? Mr Schlüter, and his colleague the Liberal 'eader and foreign minister Mr Olleman-Jensen, are convinced that the country is in the mood to respond positively to the call to action. "There is a growing understanding that we cannot go on in the way we have been

a moderate position and appeal

Mr Ulleman-Jensen.

A recent public opinioo sur-vey carried out by the Psychological Institute at the Univerinstitute at the University of Aarhus suggests they may be right. As many as 90 per cent of those Danes questioned thought the country had been living beyond its means for more than 20 years and 65 per cent said they would accept a fall in their living standards if it would help to solve the economic crisis. solve the economic crisis. Opposition to any further increases in taxation was found to be massive. The study suggests the people are waiting for a lead from the government and Parliament, though it also found widespread scepticism about politicians and their ability to solve Denmark's prob-

In short, the Danes appear to be more aware of their troubles than at any time in the past six years. This may well give Mr Schlüter encouragement in his planned economic reforms. With action also proposed for

the autumn on the controver-sial issue of unemployment benefits, it seems that the government will need all the sup-port it can find for the battles

Jacques Blum, one of the country's radical sociologists, fears that there has been "a change of atmosphere" that means "the beginning of the end of the welfare state" and he believes that this will mean hard times ahead for Denmark's unemployed, immigrants, drug addicts and the other casualties of a society under strain. He fears that a high price may have to be paid in greater racial tension and social polarisation. The revival of the right-wing populist Prog-ress party is seen by many observers as symptomatic of

the contemporary sources.
But there is a need for some caution. A recent Gallup poll found substantial support for Margaret Thatcher among the Danish voters who believed she has been "good" for Britain, but a similarly large

number also made it clear that they did not believe their couctic policies she had introduced into Britain. Indeed, Mr Schlüter says: "We doo't intend to destroy the welfare state." There may be a greater willingness to tolerate the idea of charges for using the health service among the Danes but no sensible politician can count on popular backing for any divisive strategy that attempts to dismantle the coo-

With eight political parties in Parliament, no government can ever enjoy the decisive majority necessary to push through single-minded policies. Thanks to an electoral system based oo proportional representation and only a 2 per cent support hurdle to be crossed by any party in order to acquire seats in Parliament, it would be political suicide to try and

Continued on page 10

sensual approach of compro-mise and conciliation which lies at the heart of Danish poli-

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UK trade campai Tour!sm Mergers and acou Profiles:Cerisberg Fur termere Profites: Nevo/Nordisi **Building Industry** R&0 Agriculture

Photography: Alan Harper Pictured left: Radhuspladser (Town Hall Square, Copenhagon)

Guide for the business

KEY FACTS

_43,059sq km GDP (1983 prov) DKr729bn per capita\$21,090 (at av 1988 S exchango rate) Merchandise exports (1988)DKr187.35n ..DXr178.2bn Current balance of

payments DKr-12.1bn Debt service ratio ... Exports: (bn DKr) Agriculture, enima Vegelabia Canned meat, milk ...

..5.29 Manufactures ..8.92 Petts . Energy crude olt, nat gas . other aports Agricultural Inputs

Building Industry Energy Crude oil Transport equipment ., 19.27 Consumer goods42.57

Consumer price chaoge (Dec-Dec 1987-88) ... GDP growth rate 1981-86 average .3.3%; 1986 4.2%; 1987 -0.7%; 1988 -0.4%

Exchange rate £1=12.5550 Danish kroner





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Londoo Branch, 10 Broadgate, London EC2N 2RA. Phone: 01 628 3090, Telex 896 229 ddbloog. The prime minister seems set to stay in power

Tactical best under pressure

born survivor. Prime minister of Denmark for the past six-and-a-half years at the head of a coalition government with-out a majority in Parliament, he seems to thrive in the Byz-antine world of Danish politics

with its maze of tiny parties. When he took office in Septhought he would not last more than a few months. But as the country's first Conserva-tive party leader to be prime minister in this century, he has won through in three con-secutive general elections and is expected to stay in power at least until Denmark is due next to go to the polls in the spring of 1992.

Yet, given the uncertainties of Danish politics, nothing can be taken for granted. "I have never had the power that prime ministers normally have," says Mr Schlüter. "I have to fight every week for the government's majority and it can be difficult. I have a secret dream to have just one year of majority government. I told Margaret Thatcher that recently and she replied '12

years is better.

But despite his lack of firm support in Parliament, Mr Schläter has never been a mere caretaker prime minister. In his early years in office he worked through a touch as pushed through a tough eco-nomic strategy, at least by eas-ygoing Danish standards, that put an end to the highly inflationary indexation of wages and prices, curbed public expenditure and raised new taxes. The aim was to call a halt to the country's economic

self-indulgence. As a result, his government eliminated a budget deficit that reached an horrendous 11 per cent of gross domestic product in 1982-83 and created an actual surplus four years later. In the words of the Organisa-tion for Economic Co-operation and Development in its latest Danish survey this achieve-ment "has no match in the

However, this did not prove enough to conquer Denmark's underlying economic difficulwas compelled to dampen down domestic demand from the autumn of that year and take further remedial action in the 1987 budget. But he is far from satisfied by the progress the Danish economy has made

over the past three years.
It is a necessity of the Danish parliamentary scene that the prime minister must spend his time trying to find compro-mises between the parties in order to govern. But he does not disguise his frustration at his inability to take the radical steps that he believes are needed to deal with the coun-

try's underlying economic ills.
"In my opinion Denmark crossed the line 10 years ago 'I have to fight every

week for the government's majority and it can be difficult,' says Mr Schlüter

when the bulk of responsibility when the bulk of responsibility was placed too much on the public authorities." he argues. "Too many Danes hecame spoilt and they thought they could go on for ever but they couldn't. Between 1965 and 1962 public spending went on rising year after year regardless of whether the economy could afford it."

Mr. Schlüter believes that

Mr Schlüter believes that people now recognise that the Danish welfare state will have to be reappraised. "We will not abolish it," be says. "But we will have to adjust it severely to what is within our economic capacity." The prime minister made his intentions very clear in his speech to the new Parliament last October when he warned that the whole of Danish society needed a shake-up with a series of measures to make the economy more effi-cieut and reduce the domi-

nance of the public sector. His alm is to cut 100,000 posts out of the government bureaucracy over the next 10 years. But at the moment total government expenditure as a ties and the country's current external deficit coutinoed to rise, reaching DKr-34.7bn in share of gross domestic prod-uct in Denmark is the third highest in the OECD area after Sweden and Holland. "We are preparing a drastic change in the national budget," promises Mr Schlüter. "This will come in June with the intention of making it possible to cut taxa-

The highest marginal tax rate for Danes is about 68 per cent, which is applied on incomes that are only 20 per cent above the average income for a hine-collar worker earn-ing around DKr170,000 and the lowest tax rate is as high as 51 per cent on an annual income of from DKr30,000 to DKr130,000.

The level of corporate taxa-tion is also high, with a 57 per cent rate and a flat rate of 22 per cent applied across a wide range of goods and services.

The prime minister insists that the forthcoming tax package will be drastic. Some of his cahinet colleagues describe it as a "horror" programme for the public sector. But Mr Schlüter admits that he cannot force through any measures that fall to win broad support in Parliament. He is looking for backing from the opposi-tion Social Democrats as was achieved recently on defence, but this will not be easy to achieve when that party has considerable support among those third of Danes employed

in the public sector. Moreover the prime minister hopes that the employers and the trade unions will also be involved in the reshaping of the Danish taxation system and the public sector. "I am sure that we can find agreement among ourselves," he says. But he has also made it clear that he will put the whole package to the people in a ref-erendum if necessary if the

political parties fall to compro-mise and swallow a good deal of what he is prepared to do. With only 19.3 per cent sup-port in last spring's general election and 35 MPs in the 179 coat Partiament afr Schilters seat Parliament, Mr Schliter's Conservative party can hardly regard itself as a dominant force in Danish politics. But the prime minister has shown a high skill in manoenvring his way through the parliamentary complexities and there is no obvious reason why he carnot go on doing this for some years



Mr Schlüter: born surviyor

to come. He is said to be masterly in his handling of the

The 60-year-old Mr Schlüter suffered a personal tragedy last year when his wife died of cancer but though devastated by the loss he shows every readi-ness to soldier on. "I intend to fight the next general elec-tion," he declares. "I believe all three parties in the coalition will present themselves

A lawyer, who comes from the south Jutland town of Toender, he became Conservative party leader in 1974 after 10 years in Parliament. At that time his party was in bad shape, facing what appeared to be a formidable populist threat in the Progress party with its intoxicating call for the aboli-tion of taxes.

But as his uncertain years in office have demonstrated, Mr Schlüter seems to be at his tactical best when under pressure. A likeable man with a genuine sense of humour, he manages to combine firmness with a readiness to conciliate. A prag matist at heart he may be, but the prime minister does have a clear idea of what he believes he needs to do in order to restore the health of Denmark.

He also seems to be optimis-tic about his prospects in con-vincing other parties outside the government about the com monsense and necessity of his future economic strategy. Regularly under-estimated by friends and foes alike, he may well confound those who believe he is about to bite off more than he can chew.

SOCIAL TRENDS

Quiet and stable lives

CRISIS? What crisis? Looking around at the visible state of Denmark it is hard to find many signs of social discontent and human misery. Indeed, the facts of Danish life suggest the vast majority of the people have never had it so good. A recent publication from the Central Bureau of Statistics and the Danish Institute of Social Research provides a use-ful guide to contemporary real-

Danish males born today can expect to live on average to the age of 71.5 years and females to 77.5 years. Infant mortality at 7.9 per thousand live births is among the best in the world. It is true nearly a quarter of Danes complain of pains in the shoulder, neck or back and that 10 per cent of them suffer from fatigue and insomnia. As many as a third say they can-not climb up a flight of stairs without a rest and 51 per cent took some kind of medicine in the two weeks before they were surveyed. But 44 per cent of men and 42 per cent of women play sport or take exer-

Forty seven per cent of Danes smoke today compared with 57 per cent 20 years ago with a noticeable rise in the number of women who smoke. But they drink less alcohol than they used to do. Only 18 per cent of men and 4 per cent of women said they drank 11 or more glasses of liquor a week. Danish teeth are rather good. As many as 67 per cent of Danes still have all their natural teeth or 20 or more.

The Danes are very well edu-cated nowadays. As many as 31 per cent of them receive some form of general education in the year, while a third visit the library frequently. More go to the theatre (28 per cent), the cinema (25 per cent), and clas-sical concerts (13 per cent) than used to do. Fifty five per cent of Danes have five or more weeks holiday a year. Just over half the Danes are

home owners and 59 per cent of them have a car. Righty three per cent possess a televi-sion, 94 per cent a telephone, 61 per cent a washing machine. 84 per cent a fridge or freeze and 23 per cent an automatic dishwasher.

Denmark may have seen a about to hits off rise in reported crime over the past decade but most Danes lead quiet, stable lives. However, 3 per cent said they have



Community countries discovered racism is stronger in Den-

mark than anywhere else. It is

worth noting, however, that only 2.7 per cent of people liv-

ing in the country are foreign

born, though 40 per cent of these are from Asia or Turkey. The Danes may remain blase

about their sexuality but the

arrival of AIDS (Denmark has a high incidence of the disease,

just behind Belglum and

France in the league table) has made them less tolerant about

experienced violence them-selves over a 12 month period, 14 per cent experienced a then and 12 per cent malicious damage to property. Despite, or perhaps because of, its liberal attitude to pornography, crimes of a sexual nature have declined over the 1980s. Twelve per cent of Danes said they were afraid of being the victim

However, more Danes are committing suicide. In the early 1980s the annual average was 29 per 100,000 of the population with a figure of 37 per 100,000 for men. At the start of the century the figure was 23 per 100,000.

Some of the findings from the Gallup Institute and other opinion surveys suggest there are currents of unrest in Denmark. The Danes, often adultery Just one adulterous regarded as a tolerant people, incident is now regarded as

seem particularly anxious about foreign immigration at the moment. In the latest Galgrounds for divorce by 61 per cent of Danes in a recent Galhup survey, compared with 45 per cent who thought so 30 years ago. It is believed the AIDS fear lies behind this figlup survey 53 per cent said they wanted to see more restrictions on the access of political refugees to Denmark and a study carried out There is also evidence that

> 11 per cent of the unemployed say they have been depressed as a result. But on the whole the social statistics reflect a rather comfortable, healthy, well-educated society, which will make it all the more difficult for the politicians to rally the Danes behind

a programme of financial aus-

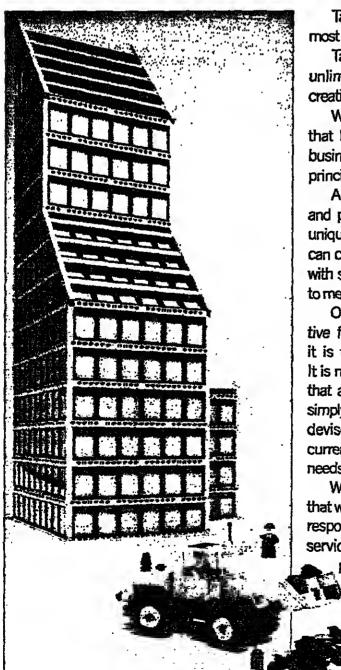
unemployment has scarred

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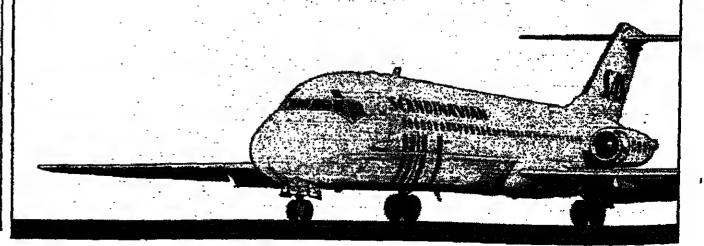
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DENMARK 3

Forecasts for 1989-90

4.0

ECONOMY

A long hard road to eliminate deficit

AFTER TWO years of recession, with a decline in real GDP of one per cent in 1987 and about 0.4 per cent in 1988, the Danish economy has entered the recovery phase this year. But it will be a weak recovery, and not enough to prevent a rise in unemployment, which is now about nine

The recovery will not be sustainable unless a new deterioration in the current balance of payments deficit can be avoided. After 25 consecutive years with current account defcits and a net foreign debt which equals 40 per cent of GDP, the government is giving priority to eliminating the defi-

be allowed to increase, public expenditure will be reduced, in real terms, and policies will be implemented to encourage ehold savings.

This is a harsh mixture for a country with rising unemployment, and the success of this policy approach is dependent on achieving an improvement in labour costs relative to other industrial countries, in order to generate an export-led In the longer term, the per-

formance of the economy will also be profoundly influenced ckage of tax reforms and public spending cuts which the government will unveil in June. These are described by Prime Minister Poule Schlüter as "the most extensive reforms of the economy ever undertaken".

The tax reforms will aim, in order of priority, to reduce the level of business taxation, marginal income tax rates and indirect taxes. Gigantic sums are involved, a tax reshuffle of about DKr60bn, some 10 per cent of the GDP and 20 per cent of government spending. But at the end of the day, when and if the reforms are

den will not have been reduced

very much.
Public spending will be cut, initially bringing budget expenditure in 1990, in real terms, back to the 1967 level, but over a period of 10 years the intention is to reduce public sector employment by 100,000 (or about 15 per cent). Much more use will be made

of user-charges for public sec-tor services, and the generous unemployment benefit system is to be reformed, giving the labour market organisations themselves a much greater share of responsibility for financing the benefit system.

"It will be tough, but the Danes can take it," says the

prime minister. In the meantima, tha short-term focus is on the country's competitive situa-

year collective wage agree-ments have been concluded for both the public and the private



Christianberg Palace, the seat of the Denish parliament Guide to the confusing political scene

The Folketing maze

HOW COME that in Denmark the Left is always Right and the Radical Left is nothing

V ...

of the sort? There are eight parties in the Folketing (Parliament), which causes confusion enough. Their names are calculated to add to the outsider's confusion. Still. things are better than they were until 1987, when there

vere 10 parties. If there were a smooth continuum from left to right it would make matters

simpler, but there is not.

Blame it on Det Radikale Venstre Parti (literally, the Radical Left Party, or The Radical Liberals). It is neither radical nor left, but controls the swing vote between the left and right blocs. It may only win five per cent or so of the vote, but its leader,

current Economy Minister always one of the most influential people in Danish politics, whether in or out of

On foreign and defence policy the Radicals side with the Left but on domestic policy with the Right — an unusual policy split which causes ndless frustration Then there is Venstre Parti

(Left Party) which, far from being Left, is firmly and

(Progress Party) is regarded by many as anything but progressive – in fact the most reactionary of the parties. It stands for swingeing tax cuts and reductions in public

expenditure, and it has a strong anti-refugee/immigrant

On the far left there is the Socialistiske Folkeparti (Socialist People's Party), a Marxist (but not Leninist) party, which is largely populated by graduate teachers — as opposed to "the

At least the Social Democratic Party, the largest party, has a title which mables foreigners to identify it correctly, a genuine cousin to the German and Swedish Social Democratic parties, and the British Labour Party.

The Centre Democrats? They are indeed democratic and of the centre. And the Christian People's Party? That, too, is reasonably self-explanatory.

Hilary Barnes

always on the Right, rather people would say, than the onservative Party. Fremskridtspartiet

sectors. They are the most moderate settlements for tha past 30 years, but it is not certain that this is enough.

The agreements appear to Danes are not now consuming more than they produce, the heavy burden of interest on the foreign debt, costing DKr29.1bn imply an increase in hourly wage costs in industry, including the cost of a fully-compen-sated cut in the working week by 30 minutes each in 1989 and 1990, (bringing the standard week down to 37 hours) and soma unavoidable wage drift, of about 4.5-5 per cent a year.
This should prevent the com-

(Yolume % change)

Public consumption Business Investment

Current account (bn kr)

Consumer price change Unemployment per cent

etitive position from deteriorating, but it may not be enough to improve it significently, although some Danish commantators have noted, hopefully, that wages in some other OECD countries are now increasing rather faster than expected, perhaps giving Den-mark an unexpected bonus.

The background to the 1987-88 recession were tough fiscal measures taken in 1986, when the current account deficit soared to 5.2 per cent of the GDP. Tax penalties were introduced for borrowing to finance consumption and the income tax deduction for mortgage

In 1988 the basis for raising payroll taxes was altered to the same basis as value added tax, thus exempting exporters. This meant that aithough hourly wage rates increased by about 6.5 per cent last year, hourly wage costs increased by only 1-2 per cent. Exports rose by about eight per cent, and prof-its in export firms were given a boost, as the 1988 results have

As far as the trade balance is concerned, the measures were effective. The current account deficit fell from DKr36bn in

1986 to DKr12.1bn in 1988. The visibla trada balance moved from a 1986 deficit of DKr15.6bn to a surplus in 1988 of DKr13.8bn. But although the

last year, has kept the current account in deficit. The GDP growth forecast from the Ministry for the Economy is one per cent in 1989 and 1.5 per cent in 1990. The growth this year will come entirely from exports, while domestic demand will show little change, but in 1990 business investment is expected to pick

Inflation will be moderate, about 3.5 per cent, with Den-mark's membership of the European Monetary System, which links the krone to the D-Mark, helping to prevent external inflationary impulses from upsetting the apple cart. Unemployment is forecast to

rise to 9.5 per cent next year, which may err on the low side. Some other forecasters think that it wil exceed 10 per cent.

The current account deficit, howaver, is not axpected to show much further improvement, partly because the international economy is not expected to remain so expansive, and partly because rising inter-national interest rates will increase Denmark's interest payments.

There is, therefore, a long hard road to go if the government is to achieve its ambition of eliminating the current account deficit by 1992.

Hilary Barnes

FOREIGN POLICY

On the defensive

DENMARK is often regarded by the North Atlantic Treaty Organisation as an unreliable partner in the defence of western Europe.

Indeed, exasperation about the alleged irresponsible antics of the Danes has raised Nato blood pressures on numerous occasions during the past few years. But the country's for-eign minister, Mr Uffe Elle-mann-Jensen, is taking a rather sanguina view of the present outlook now that the main parties in the Danish par-liament have agreed to a compromise defence programme for the next three years.

It is true that it will involve no real increase in Danisb defence spending, which at the moment only amounts to 2.2 per cent of its gross domestic product, one of the lowest contributions in Nato. Last year the Danish defence ministry admitted that the country needed to increase its spending to 6 per cent of GDP to meet its alliance commitments. But Nato secretary-general Manfred Werner recently gave his blessing to the defence set-

tlement.

"The amount of GDP we spend does not really tell you very much about our defence " says Mr Ellemann-Jensen. "You should not forget that we are adding to the total defence of the West in many ways. We are paying for the achievement of social and political stability in Greenland and the Faroe islands. The Americans have tracking and military research stations on Greenland and we provide a Danish military presence there as well. We spend as much as 0.91 per cent of our GDP on foreign aid to developing countries and this adds to the cost of defending western defence

and values. Recently the United States information agency published

THE CREAM OF DAIRY PRODUCTS.

a survey of public opinion among the Nsto partners that found as many as 70 per cent of Danes believed that Nato was essential for Denmark's defence and 60 per cent even thought that US bases were "necessary" in Europe though there never have been any on

Danish soil But Mr Ellemann-Jensen has made it very clear to the Bush administration in recent weeks that Denmark opposes any early Nato decision to modern-

The alleged antics of the Danes has raised Nato blood pressure on many occasions

ise the short-range nuclear weapons in West Germany. "It would be unwise and would not be accepted by the public, he says. "The Bonn coalition would split apart and that is not in our interests." Indeed, there would not be a majority in the Danish parliament to support updating the nuclear armoury. Some observers believe that the Schlüter coalition could fall over the issue if it were forced into agreeing on modernisation.

Nato policy-makers regard Denmark as of vital strategic importance in the event of a war with the Soviet Union. As Steven Miller at the Massacbu-setts Institute of Technology argues in a contribution to a study commissioned by the Stockholm International Peace Research Institute on how Europe would look after an American military withdrawal: Denmark serves as the stopper that prevents easy access between the Baltic and the North Sea. For most vessels of any consequence, passage is

possible only through a small number of straits through or

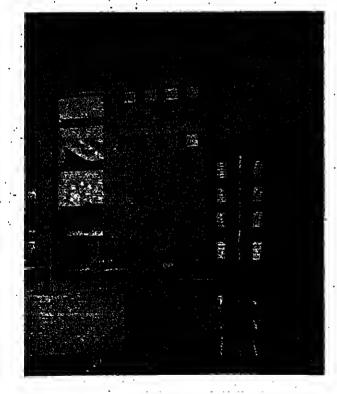
around Danish territory While the Soviet Union gives a higher priority to its military position in the far north of Europe and the central region, the Baltic and, therefore Denmark, have considerable value m Moscow's eves. The capture of Denmark would threaten southern Norway, the UK and the Channel ports opening up "an attack corridor for Warsaw pact airpower". The country is a kind of buffer between the Warsaw pact and several potentially significant and attractive targets," writes Mr Miller. In his opinion, the Baltic "could play an important, and conceivably even a critical role, in the support and rein-forcement of Soviet forces on

the central front" The potential threat to Denmark is real enough amounting to between 12 and 14 Soviet divisions and 700 tactical combat aircraft based in the northern part of East Germany. In their own defence Denmark has 17,000 soldiers, with reserves of around 55,000 as well as a Home Guard of 75,000 and 48 F-16 aircraft. Under present Nato contingency plans West Germany and the UK's Mobile Force of 13,000 men would provide the mili-tary back-up. Since 1976 Denmark has agreed also to accept US air reinforcements consisting of five US squadrons of 75 planes to be flown to four Dan-

isb airfields in a crisis. "The dual purpose of Nato security and oegotiation - is still valid," argues Mr Ellemann-Jensen. Perhaps more than most in western Europe. the Danish government is par-ticularly hopeful about the possibilities for wide-ranging negotiations with the Soviet

Robert Taylor

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UK public relations campaign

'More to us' than bacon

problem: too few people out in the wide world have got the first idea where or what Den-mark is, like the US White House spokesman last year who was asked about a Danish problem: "Danish, that's some-thing we have for breakfast,"

he commented.
Those who do associate Denmark with something or other have associations which the Danes are only half-happy ahout, such as the British schoolgirl, who was asked by a market researcher what Denmark meant to har: "Pig. bacon, pig, pig, pig," she said.

The Danish government has decided that the time has come

what it can do.

Over the coming months the
government will spend
DKr37m on a major trade campaign in the UK, which ranks third after Germany and Swe-den in the Danish trade statistics. If it is a success, the campaign will be followed up with similar campaigns in Germany and elsewhere.

to do something to brush up awareness of Denmark and

Danish exports to the UK last year totalled DKr21.9hn, 11.6 per cent of total exports, with food, DKr8.0bn, by far the biggest item. Imports from the UK to Denmark wera DKr12.6bn, about seven per cent of total imports.

The general idea of the trade campaign, as Denmark's London amhassador, Mr Peter Dyvig, has put it, is to "put Denmark more in the lime-light" – or as Ms Malene Diursaa, author of a survay of Brit-ish attitudes to Denmark, has it, "to drag Denmark from

high proportion of respondents did not know that Denmark is a member of Nato (it is; it joined in 1949) or the European

Community (it is: it joined, with Britain, in 1973).

A second aim of the trade push is to persuade the British thet there is more to Denmark than bacon, butter and beer not that there is anything wrong with these products (as any Dane will tell you, they are second to none) — hut the country has more to offer.

Unfortunately, as shown Ms Djursaa's survey, carried ont among middle and top-level managers and stndents in higher education in geography and politics, Den-mark "ranked abysmally" compared with four other countries where industrial products were concerned.

"We received rock-hottom ratings ... even on genuinely strong exports like electronics and pharmaceuticals," said Ms Djursaa. "As one respondent said in a group interview, he'd be very suspicious of 'videos and things like that' from Denmark, because he'd think we were having a go without expe-rience, rather like a developing

This respondent probably did not realise that Bang & Olussen, the manufacturer of up-market audio and television equipment, is Danish. This raises another problem.

Most of the big and succe ful Danish companies, which people all over the world can be expected to know about expected to know about -Carlsberg in beer, Lego for plastic toy construction kits, Bang & Olufsen - are known



for their products, not for being Danish.
This is as it should be,

according to the industrialists themselves, who are not over-enthusiastic about the spend-ing of DKr37m of taxpayers' money on an image campaign.
The Federation of Danish
Industries (roughly equivalent
to the UK's CBI) even went so
far as to dissociate itself from
the campaign.

Apart from beer, butter and bacon, Denmark has a considerable and growing presence in

Rentokil, which comhats pests and is listed on the London Stock Exchange, is Dan-ish-owned. The Carlsberg Northampton Brewery is the group's most profitable operation. Grundfos, probably the world leader in stainless steel suhmersible pumps, has an important production plant for heating pumps in Sunderland. DFDS, the shipping company, dominates North Sea ferry and freight traffic. A.P.Moller-Maersk has a substantial shipping operation, based in Lon-don, while Maersk Air has an ambitious foothold in UK civil aviation, and so the list could continue with the names of nearly all the larger Danish

There is also a considerable community of young Danes who have fled the Danish tax climate and set up in the UK in all sorts of businesses, among them are a number of successful software producers.

Britain, of course, also has a strong presence in Denmark, and it has been strengthened over the past year or two by three particularly important investments, all of them a tribute to the Danish industrial know-how which the British are supposed not to know

In 1987, APV, the British-based food and beverage indusbased food and beverage industry equipment group, bought Pasilac-Danish Thrukey Dairies, a world leader, in the field of dairy design and equipment manufacturing. In financial straits at the time, Pasilac has been made the APV group centre of excellence in dairy-ing. Pasilac is now benefiting from the marketing strength which APV has brought it, orders are recovering, employment at Pasilac is on the rise, and the acquisition appears to have been a success for all con-

Last year ICL, the UK computer company, acquired 50 per cent (and it has management contract as well) of Regnecen-



tralen, which is Denmark's largest computer manufac-turer. Despite technical excellence, however, the company has lacked financial and mar-keting power. With ICL's man-agement and marketing strength to back it, Regnecen-tralen can look the future in the face more confidently. Finally, Booker, the UK food

and beverage group, bought Denmark's leading seed devel-opment company, Dachmeldt, providing a foundation for a stronger international presence for the Danish firm.

TOURISM

VAT is offputting

IN THE fatry-tale land of Hans Christian Andersen, the golden goose may still be able to lay the much desired egg – but only if the VAT on eggs drops. Tourism is Denmark's fourth largest export industry which brought in nearly DKri6bn in 1988 but, as Ma Alice Hoeltzel,

brought in nearly DKrison in 1988 but, as Ms Alice Hoeltzel, press officer for the Danish Tourist Board, admits: "Tourism is increasing but not enough." One of the acknowledged drawbacks of this "Little Country With Lots To Offer", as the campaign slogan goes, is the high VAT rates.

Denmark has a flat rate of 22 per cent VAT on all goods, not including additional taxes on "poison" goods such as tobacco and alcohol, which helps tapush up the prices of everything from plastic Little Mermaid souvenirs to fur coats from Birger Christensen. Since no immediate solution seems to be in sight, the \$6,000-strong Danish tourist industry is the harmonisation following 1982.

After the scare of a sluggish high season due to a particularly wet summer and the Chernobyl disaster in 1987, the Danish Tourist Board began more serious campaigning in Norway West Germany and

more serious campaigning in Norway, West Germany and the UK to try to hold on to its share of the European tourist market.

Not surprisingly, tourists from Sweden, Norway, Finland and Iceland still make up the largest proportion of visitors in Denmark accounting for more than a third of tourist receipts

Part of the reason for this is that Copenhagen International Airport is the hub airport for the Scandinavian international airline SAS, which means that many on-going flights to the rest of Scandinavia are forced to transit through Copenhagen. The airport has recently put in a DKr125m shopping centre with cases and restaurants in order to make it more attrac-

tive. Denmark is also ideally placed geographically so that Norwegians, Finns and Swedes holidaying by car must transit through Denmark to reach the Continent. "Our Nordic visi-tors felt at home in Denmark where the culture and lauguage is similar to their own," explained Ms Hoeltzel.
It is almost a tradition that

many Swedish tourists come to Copenhagen to shop before Christmas since prices are marginally lower than in Swe-Political indecisiveness has

larly to Copenhagen's growth as a meeting and convention centre," explained Mr Lars Blicher-Hansen, managing director of the quasi-govern-mental Danish Convention

Since its peak in 1982 when Denmark was listed seventh most-used convention and meeting-centre in the world, alongside New York, husiness



The Little Mermald welcomes visitors to Copenhagen

The tourist board has set up a new division as, unfortunately, the Danes spend

more money outside the country than foreign tourists spend in Denmark

has begun to decline due to lack of capacity and modern facilities.

Recently, however, new building projects in Copenhagen's centre have breathed new life into the city and there is now hope that planning per-mission will be given for a major convention and hotel

The provinces have also been successful at carving out a niche in the convention and meeting market with special centres for computer courses and a new total meeting centre concept marketed by the Danish company Scanticon. Conventions and meetings in Den-mark earned a modest DKr6m

that the sum will double by

The unfortunate fact that Danes spend more money on holidays outside Denmark than foreign tourists spend in Den-mark has recently attracted renewed interest from the gov-ernment.

This worrying difference, in a country that already has a serious balance of payments problem, has prompted the new division in the Danish Tourist Board aimed solely at attracting local holiday-makers to spend their Daniah kroner

It would be unrealistic to think that we could make a serious dent in the charter tour market to places like Spain and Portugal, but we do hope to keep up last yaar's increase," said Mr Erik Skjoldelev of the Danish Tourist

The division, which was set up in April of last year, has a budget of about DKr25m and has increased local Danish tourism by almost 10 per cent since it was set up.

Xueilng Lin

EC RELATIONS

We're not the foot-draggers - Minister

WILL THE completion of the European Commission's inter-nal market provide the Danes with an opportunity they are well-prepared to exploit (the view of Foreign Minister Uffe Ellemann Jensen) or will it turn out to be "a nightmare", as the leader of the Social Democratic Party, Mr Svend Auken has expressed it? The Danes are not quite sure.

They have always been amhivalent about the European Community. They joined after a referendum in 1972 which gave a two-to-one majority in favour of joining. But for the next 15 years opinion polls suggested that they regretted

their decision.
In 1985-86 a left-centre majority in the Folketing was on the verge of refusing ratification of the Single European Act when the prime minister called another referendum. Again, when faced with having to make a real choice, the elector-ate backed the EC.

The 1986 referendum pnt things in place. The parties for the Danish economy and

opposed the Single Act, the Social Democrats, Radicals and the Socialist People's Party, have finally come to terms with membership. "The refer-endum created a new situa-tion," said Mr Ellemann-Jen-

Implementing the Single Act, however, poses some extremely serious problems for Denmark, arising from the high level of indirect taxation in Denmark. If Denmark were to reduce

its indirect taxes - the 22 per cent single-rate value added tax and purchase and excise taxes on beating oil, petrol, sugar, alcoholic bevarages, tobacco goods and most con-sumer durables — to the aver-age level in the Community, it would cause a loss of revenue of at least DKr40bn, or about a third of the government's reve-nue from indirect taxes, says a

government study.

It is this issue that caused Mr Auken, in a recent essay, to write: "The EC's internal mar-ket can become a nightmare

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mean a brutal farewell to the welfare state. But we have no choice. We are there, like it or not." He pins his hopes to the contribution that Denmark can contribution that Denmark can make to developing the social dimension in the EC. "We want a welfare model on the Euro-pean level, not to dismantle what we have in Denmark."

"This is a very real prob-lem," said Mr Niels Helveg

Petersen, the economy minis-ter. "If wa brought down our taxes rapidly to the levels proposed by the Commission it would increase our balance of payments deficit by DKr25bn. "It is ohvious that we have a problem here which goes to the heart of our economic policy.

Wa expect our partners in the EC to understand this." If horder controls were removed overnight, there would be a stampede to buy a wide variety of highly-taxed products across the border in Germany, which has few taxes on consumer durables, much lower taxes generally, with a two-tier VAT rate of 7 and 14

But borders will not be opened on January 1, 1993, according to Mr Helveg Peter-

Referring to a report by Dan-ish officials, which has looked at the legal commitments undertaken by signatories to the Single Act, he says that there are no commitments to abolish border controls for the purposes of preventing smuggling, controlling immigration, catching terrorists, or where veterinary controls are concerned ("no one imagines Britain is going to relax its controls against rables," he

said).

In his view, these controls will not prevent free movement of goods, services, capital and persons, to which the Single Act is committed.

At the suggestion that, rather than preparing for tax approximation, Denmark is actually preparing a rearguard action to maintain its high indirect tax rates as long as possible, Mr Helveg Petersen

hecomes indignant and emphatic that this is not the case. He insists that adjustment can only take place over a period of some years. He also points out that the government is preparing one of the most radical reforms of taustion in the country's history, If the implication is sup-

posed to be that the Danes are the EC's foot-draggers, he resents it. "We are very good Europeans," he says, and points out that not only is Denmark arraigned hefore the European Court less often than any other country, but that it sometimes wins its cases

"We are on target, or ahead of it, in the liberalisation of capital markets. We are on target in removing technical restriction to trade. We are on target administratively. We are prepared to strengthen the European Monetary System, and we are not opposed to a withholding tax [on interest on bank deposits]," he points out.

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FINANCIAL SECTOR

Giants begin to stir

are awakening to a new and active era of international combat, and they have every intention of putting those better-known institutions, the banks,

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Those banks which con- joint stock companies. tinue to base their business on deposit-taking, and not trans-actions business, will die out. They are the dinosaurs of the financial markets," said Mr Thorlaif Krarup, chief executive of Nykredit, the mortgage. credit association. He has no such fears about the future of his own sector, which, if he is right, will wipe up the deposits

Iost by the banks.

The biggest Danish bank, Danske Bank, has total assets of about DKr176bn. This, however, is small compared with the two largest mortgage credit associations, Nykredit and Kreditforening Danmark (KD), which both have total assets of

about DKr300bn. about DKr300bn.

But it is a time of rapid change for all the actors in the financial markets, banks, insurance companies and the bond and share dealers.

The three learner insurance.

The three largest insurance-based groups, Baltica, Harnia and Top Danmark, have now given themselves a holding company structure. This has enabled them to break out of insurance (Danish law says that insurance companies may not conduct any business but insurance) and into other financial services. :

Baltica is perhaps the most alventurous in this respect. It is setting up a nation-wide chain of real estate agencies. It has bought the national ambu-lance, fire and vehicle rescue service company, Falck, and last month it startled the financial world by acquiring a 9 per cent stake in Hambros Bank, with which it sees affinities that can be exploited in co-op-

eration with the bank. The commercial and savings banks are on the brink of far-reaching structural changes, but although most bankers are convinced that a wave of important mergers is just around the corner, the mergers

have yet to happen.

It is widely accepted that
Denmark is over-hanked, with
some 70 commercial banks and 140 savings banks to serve 5.1m people. However, 18 banks and 10 savings banks account for 90 per cent of the respective market shares. To stay compel-itive in the newly liberalised European financial services market to have fewer banks, with a better costs structure, is

seen as the way ahead. The two biggest banks, Danske Bank and Copenhagen Handelsbank, already have substantial minority holdings in big regional banks. This probably points to the way the mergers will eventually go, but the regional banks are so far-resisting the jaws of their big

resisting the jaws of their org cousins in the capital.

Meanwhile, the larger banks are active internationally, with subsidiaries or branches in. London, New York, Singapore, and Hamburg. A feature of the accounts of the big banks in 1988 was the profitability of their foreign subsidiaries. In their foreign subsidiaries. In the case of Privatbanken,

THREE LITTLE-known giants about helf its group operating of the Danish financial sector profits came from its banks in are awakening to a new and London and Luxembourg.

Tondon and Luxembourg.

This year will be a significant one for the savings banks, since legislation which took effect at the New Year enables than to turn themselves into

The savings banks operate under the same banking act as the commercial banks and may conduct the same kinds of business. The only difference between them is that the savings banks cannot go to the market to raise equity capital.

The new law changes this situation. The second largest of the savings banks, Bikuben, is already in the process of con-version. The biggest, SDS, plans to convert in the

The mortgage finance institutions are also in the first stages of internationalisation.
KD. Nykreit and the third of the general mortgage associations, Byggeriets Realkredit-

The commercial and savings banks are on the brink of farreaching structural changes

fond (BRF) are active in London and Germany. KD has an office in France, and Nykredit last year bought a small German bank with the right to issue bonds.

The de-ragulation of Europe's financial markets will put an end, at least theoretically, to the monopoly which associations have in Denmark and, more importantly, it will enable them to expand internationally - and they believe that they are in a strong post-

tion to do so.

The Danish mortgage system, which is almost 200-years old, is based on the issue of bonds for the individual borrower by the mortgage associa-tions, which are "self-owning" associations of borrowers."

There is precise matching between assets and liabilities with respect to maturity, interest and currency. The credit risk is the only risk carried by the institute, and therefore the mortgage credit sector operates with a low interest margin of about 0.5 per cent," said Mr

Krarun. The system, used for most mortgage financing domesti-cally, has given rise to a large and efficient bond market, ranking ninth in the world by the value of bonds listed, at nominal value, with the amount in circulation about DKr1.200hn and turnover of

The two big Danish associa-tions are also large by interna-tional standards, twice as big in terms of assets as the two higgest - German hypothek banks.

Mr. Krarup's reason for thinking that bond-issuing institutions such as his can look to the future more confdently than the banks and building societies is that he thinks more and more savings will leave the banks and be channeled into bonds, which give better returns. The reason

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the returns are better is because the market operates with minute staffing and administrative costs compared with the commercial banks, savings benks or building soci-

The Danish mortgage credit institutions are well prepared for competition in Europe. Their capital base is stronger than similar institutions in Europe, in Nykredit's case reserves of DKr16.6bn are 5.5 per cent of total assets. Since it is expected that the reserve requirements for mortgage credit institutions will be raised closer to the levels being demanded of the banks, the Denish institutions will be in a

strong position.

Their next move may be to convert themselves into joint stock companies, which it is expected, they will be permit-ted to do under legislation now in preparation.

This will make it easier for

them to go to the capital mar-kets for finance ("when we tell people that we are an associa-tion, they think we must be some kind of bingo club," said Mr Krarup) and it will enable them to extend the scope of their business.

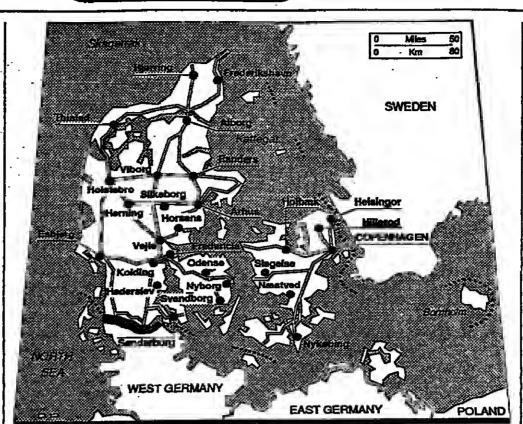
Danish institutions, are earning the hard way about the difficulties of operating abroad. A £25m Danish Docklands project, Greenland Pas-sage, where 152 luxury flats have been built, is having trouble selling the flats after the rise in UK interest rates. KD, Privathanken and the two building companies involved. Islef and Christiani & Nielsen, have formed a company to fund the project until such time as the fixts can be sold, with KD putting up most of the

Nykredit is involved in a 250m residential and office project, The Circle, near The Tower, but is not providing mortgage finance until the price paid by the final buyer is

Meanwhile, in the domestic market, 1988 brought some unexpected problems. First, there were several projects on which the institutions were accused of having lent more accessed of naving semi many money they they were legally antitled to do, which came to light when the market turned sour. Second, the position of the householder, has deteriorated over the past two years, mortgage finance system imposed by the government in an effort to frice home buyers to save more, and by a reduc-tion in the fax deduction for mortgage interest to a flat-rate

50 per cent. Those who bought houses at 1980s have been badly hit, with a 45 per cent increase in fore-closures on residential prop-erty last year telling the sad

Substantial increases were therefore made in loss provitions. However, 1988 was also a year with big increases in bond prices, so the net profits of the institutions just about doubled — in Nykredit's case from DKr1-86bn pre-tax in 1987 to



AP MOELLER

Success on the seas

AP MOELLER, the shipping, oil and industrial group, may be the biggest business con-glomerate in Denmark but it has always favoured a low pub-lic profile. Self-confessedly con-servative, it does not go out of its way to blow its own trum-pet. But then it really does not have to because its satisfied customers across the world are testament enough to the group's reputation for profesnalism in the international

shipping industry. In its last published results for 1987 the group made a profit of DKr2.7bn before depreciation and announced new investments totalling DKr3.3bn, a remarkable result in a sector of business that has stagnated for many years. With a fleet of over 100 ships

and a total 6m tonnes deadweight, the Moeller group is a weight, the Mosner group is a major trading company across the world. The founder, Mr Arnold Peter Moeller, was far-sighted enough in 1928, 24 years after the group was established, to start a cargo liner service under the name of Magrak line to link the US with the Far East. But it was only last April that Maersk Mc-Kinney Moeller, the 74-year-old son of AP, agreed to expand the group's operations to the North Atlantic rontes. Tha Maersk line is now the world's third largest container operator, with a particularly strong presence in the US from coast to coast. The natural cantion has

done the group no harm. Moeller was a late entrant into the container revolution but this proved to be a genuine advantage since the group could learn from the mistakes made by others. Its highly complex structure, with two separate shipping companies inter-linked by joint business activities, may often confuse the outsider and make it difficult to know just how much the group is worth. The company, however, is still very much under the shrewd, personal direction of Mr Maersk Mc-Kinney Moeller, whose door is always open to managers with new ideas, though not to the media which he keeps very

much at arm's length.
The cool, rather formal, atmosphere in the tasteful but

waterfront close to the Royal Palace in Copenhagen, reflects a quiet competence in a group that has to operate in a highly sensitive and harsh interna-tional climata. Last year Moeller displayed its confidence in the future of con-tainer trade at a time when other companies were contract ing their activities. The com-pany decided to manufacture a series of 12 advanced container vessels at its own modern shipbuilding yard in Odense. The yard has a surprisingly full order-book in an industry thet has been almost wiped out in

Active from the early 1960s in the oil and gas business, Moeller bolds the concession for exploration in parts of the Danish section of the North Sea continental shelf, where it operates through a consortium with Shell and Texaco. The Dan field is expected to meet as much as two-thirds of the country's total oil and gas consumption.

The group is also building up presence in aviation. Continued on Page 6

Mergers and acquisitions

Big is beautiful idea takes hold

THE NEW year of 1989 has been a time of new resolutions for Danish industry. The old, acknowledged ideology of "small-is-beautiful" has given way to a new "big-is-better" mania in the business commu-

A wave of mergers has swept all sectors of Danish industry over tha last three months ed on the prevailing belief among businesses that they need so-called "industrial locomotives" to push a flagging economy along.
The term "industrial locomo-

tives" was coined from an anal-ysis by a group of business-men, civil servants and trade unionists, titled, "Has Denmark a future as an industrial

nation?"
In the analysis, the group argued for "large integrated industrial complexes which might function as locomotives production, development

and research." Denmark's membership of the European Community and the approach of the single market in 1992 has drawn attention to the comparatively small size of Danish companies. Denmark has only two companies among the 500 largest companies in

(Switzerland, which is about the same size as Denmark in population, has more than 14 Europe-500" companies.)

The hope is that Danish industry by increasing its size will benefit from the economies of scale, and be in a better position to compete with its big naighbours West Germany, weden and the UK.

To date, most of the heavy weight mergers have taken place between companies which are already in a healthy position economically; merger activity has not involved moves to save sinking compa-

Three of the largest companies in the food industry merged at the beginning of the year to form the largest company in Denmark. The new food giant, Danisco, has turn-over of Dkr13bn and it has brought together three manufacturers which specialise in different food products: sugar, snaps, a popular Danish hard liquor and emulsifiers.

At the same time, the new

company bought over a leading packaging company, Raack-manns Fabrikker, which specialises in flexible packaging for the food and beverage industry. The packaging company appears to be the last brick in the complex Damisco puzzle of creating a self-sufficient food

company.

One of the most welcome and logical mergers to take place has been in the pharma-ceutical industry between two of the largest companies, Novo and Nordisk Gentofte. Together they hold shout 65 per cent of the insulin market per cent of the insulin market in Europe and are the chief rival to Eli Lilly in the US mar-

The post merger Novo-Nordisk will have a 950-strong research base and it is hoped that the marriage will have cut out any wasteful research

Not all the mergers that have taken place support the "locomotive" idea since many Danish companies, although large by Danish standards, have very little impact on for-

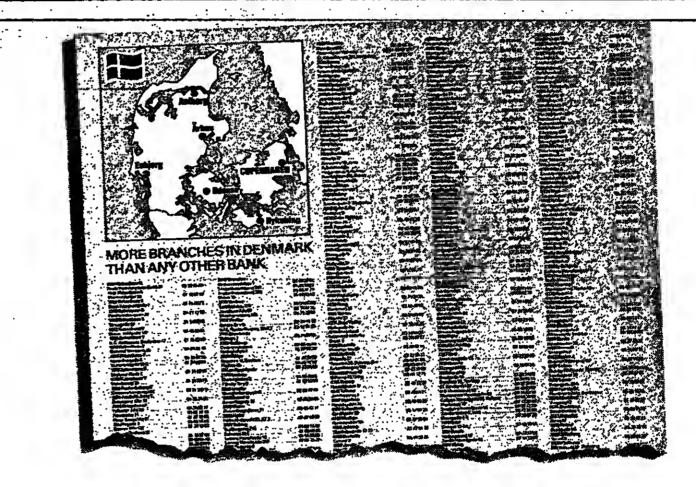
eign markets. This is the case with the Spies-Tjaereborg venture. Spies Rejser is the dominant charter travel group in Denmark and its purchase of its chief rival, another Danish travel group, Tjæreborg, means thet it now can claim over 80 per cent of the Danish market.

On the European scale, however, the new travel group is only a modest fourth or fifth. Although Spies has shown no signs of raising prices as yet. its monopoly position has been referred to the European Com-mission — so this may be one takeover that might have a negative domestic affect in the form of more expensive charter

According to the West German research institute, IFO, in a recent report on Denmark, the spate of mergers has been an important step but will not necessarily save the country from economic stagnation.

Much more important are the questions of high direct taxes, high wages and low pro-ductivity which need to be solved not by industry alone but by Government policy.

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CARLSBERG

Beer that goes down well the world over

IT IS not really surprising that Carlsberg lager has become synonymous with Denmark. After all, it was Mr Carl Jacob-sen, son of the founder, who presented the famous Little Mermaid to the city of Copen-hagen in 1913 and Carlsberg is associated with the running of the Tivoli gardens.

Its own sprawling brewery in the inner city is now an extraordinary mixture of modern technology and the bizarre huildings of the founding father and his son with their ornate rooms, more in keeping with a Greek temple than the home of a family making their wealth out of selling beer.

Today, Carlsberg and Tuborg which it acquired in 1970 have become an international con-

become an international conglomerate, known as United Breweries, with markets across the world. Their beers are now exported to 140 countries and hrewed under licence by 48 hreweries in 28 countries.

Founded in 1847, export-ori-entated Carlsberg was moving onto world markets almost from its birth: it began export-ing to Britain in 1868, where it remains very strong with a hrewery in Northampton (opened in 1970) and a distribu-

tion network through the Grand Metropolitan group.
But the company also began exporting to East Asia and South America in the 1870s. The posters hanging on the walls in the Carlsberg Museum testify to the onward march of lager in the heyday of Euro-

peao imperialism to China, Malaya and Hong Kong. The volume of sales outside Denmark of all the group's beer brands is today double that of its domestic market. Last year, Carlsberg achieved

FUR FARMERS in Denmark have been making good prog-ress in sales to the US and East

Asian markets in recent years, but they have begun to tread

more warlly in Europe. A recent fine by the EC Commission on the Association of Dan-

ish Fur Farmers for the viola-tion of EC competition rules

has sparked off an appeal by

pean Court of Justice in Lux-

The Commission slapped on the DKr400m fine because 99 per cent of Danish fur farmers helong to the association which in turn sells the furs on

commission through its own

auction houses.

This is seen as an abuse of a

monopoly position. However, Mr Helge Olsen, of Danish Fur Sales says: "The fur farmers

are under oo obligation to sell their furs via the association."

The irate fur farmers have

argued that the Commission is

not in a positioo to asses the

local fur market because it has

nn insufficient understanding of the special nature of the

embourg.

history, with a post-tax profit of DKr540m, a 23 per cent increase on the previous year. Its annual turnover in 1988

rose by 9 per cent to DKr10bn.
Tha group has virtually satiated its home market and it recognises the difficulties of any further penetration for its brands in West Germany where it remains the higgest where it remains the biggest

Carisberg beers are exported to 140 countries and brewed under licence in 28 countries

imported beer supplier. Beer drinkers are generally conservative customers, how-ever, and it is hard to break traditional drinking habits. Carisberg has high hopes of building up sales in the wine countries of southern Europe, particularly in Spain where it has had a controlling interest in the Union Cervercera group since 1985, and Italy, where Carlsberg took over Industrie Poretti seven years ago. The harmonisation of duties

inside the European Community by 1992 will have mixed results for Carlsherg, but it may lead to a price war in a highly competitive market.

It will be less easy for the

group to build up its presence in the North American beer market, but last year Carlsberg reached a co-operation agree-ment with Labatt, the largest hrewing group in Canada, and through its existing joint ven-ture with the US company Anheuser-Busch the group has

FUR FARMERS

Monopoly under strain

Fur farming has a long tradi-

tion in Denmark and the other

Scandinavian countries, hav-ing started in Norway in 1914;

it is one of the few genuinely integrated Scandinavian indus-

that the four countries, Den-mark, Sweden, Norway and

compete against the US and Canadian breeders, prompted

the creation of a common mar-

keting body called SAGA. This organisation deals only in farmed furs and not with furs from wild animals.

Until now, the system of the

fur farmers selling their furs to the fur associations, which

then market the furs via

nate the world fur industry.

jointly producing half the world turnover in mink furs

and close to 90 per ceot of the world turnover in farmed fox furs. Danish mink furs alone

had a turnover of DKr2,551m 1987.

SAGA, has worked well. Scandinavian furs now domi-

Some concern in the 1950s

been making steady progress in the US.

Carlsberg also has a substantial presence in the developing world. It hull its first brewery outside Denmark in Malawi in 1968. Three years later another was built in Malaysia and, in 1981, the group established a brewery in Hong Kong.

The company's hosiness

activities nowadays are not restricted to making beers. As a result of its intensive research programme, Carlsberg has developed a number of group companies over the past 10 years, which manufacture products for the food industry, the control and automatic processing of fish and meat prod-ucts and the making and mar-keting of peptide synthesis technology. It is not widely known that the group also owns the Royal Copenhagen Company which manufactures porcelain, silverware and

household glass.
The brewing business is highly competitive and the challenge of 1992 will provoke a rash of mergers and acquisitions, but observers say that Carlsberg will remain invinci-hle. Under its structure at least 51 per cent of the share capital of the group has to be owned, according to its statutes, by the Carlsberg Foundation, established in 1876. That group is also famous for its wide range of grants and bequests in both the arts and sciences.

In the past few years, Carlsberg has gone through a period of rationalisation. A third of the workforce at its Copenhagen brewery had to go and DKr450m was invested in a new bottling plant.

The mild winter in Europe and the fluctuating US dollar

have brought fur prices down in recent months, but this is regarded only as a temporary

"The fur trade is very sea-sonal," explains Mr Nils Liljes-trand, head of information for

The association has been

for fur having recently opened

a special centre which offers

free courses in fur design for gifted design school students.
The SAGA International

Design Centre opened in the north of Copenhagen in December 1988 and has already

they would not normally have,

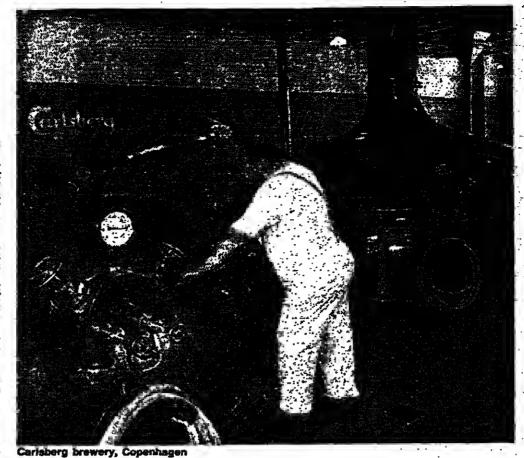
since fur is too expensive a material for most design

schools," said Mr Liljestrand.

The centre also offers design

instruction and fur-marketing

Robert Taylor



A clean market sweep

A PIECE of advice for anyone who wants to establish the world's leading office cleaning and hullding maintenance business: first find your Poul Andreasen.
The chief executive of Den-

mark'e ISS has been with the company for 25 years, and in that time has developed it from one of many Danish cleaning one of many Danish cleaning and security companies into the higgest group of its kind in existence, with a world-wide labour force of some 115,000 and a turnover which in 1989 will increase by at least 25 per cent to Dkr3.5bn.

And this may be no more than a start. While ISS is market leader in several countries.

ket leader in several countries, and has a market share in Denmark itself of about 50 per cent, in some of the other markets where it is the biggest single company, as in the US, it has only 2 or 3 per cent of the market. Clearly, there is scope

for expansion. Having caoght your Poul Andreasen, the question is: How does he do it?"

The truth is probably com-lex, but one of the central concepts in the development of ISS is a determination to Partner Project, and to empha-improve the status of the sise the importance attached to

labour force in an industry where the 'Mrs Mops' have never been ranked with the industrial elite.

Our staff are professionals, and they should be regarded as professionals," says Mr Ib Goldschmidt, a member of the management board. This means that a very sub-

stantial effort is put into education and training, which is designed to ensure that the customer receives good service and also to reduce staff turnover in a husiness where many people work part-time and where joh rotation is often.

high.
We need job satisfaction, and if we don't do something about it, we just won't get the staff we need," says Mr Gold-

The training, which takes place at all levels, is a step towards devolution of responsibillty and decision-making in order to give the individual greater influence over his or her work situation. The policy is pursued throughout the group, whether in Denmark,

The programme is called the sise the importance attached to

relations with employees, ISS in 1988 became the first Danish company to make a directed share issue to all employees, not just in Denmark hut world-wide.

In 1988, ISS had over 60,000 employees, but it has recently acquired a large company in the US, ADT, with a turnover of \$200m and 26,000 staff, as well as the UK Mediclean hospital services group and a large cleaning company in Sweden. Its total labour force now is about 115,000,

ISS business operations fall into two main categories: huilding maintenance, which includes cleaning, linen and canteen services; and building antomation, which covers energy control systems and building management services. In addition there are a variety of special services, hospital cleaning, snpermarket ser-vices, abattoir cleaning, and so

In 1989, ISS hopes to obtain a listing on the London Stock Exchange in connection with a planned share issue. Its US subsidiary, ISS, already has a listing in New York.

DANFOSS

Classic rags to riches story

IN THE middle of the wheat fields in the agricultural belt of southern Denmark stands a southern Denmark stands a solitary skyscraper. Danfoss at first glance seems to epitomise the rags to riches tale; what started off in 1933 as a one-man business in the loft of a farm has grown to become one Europe's leading producers of automatic control parts, which range from small domestic thermostats to hydraulic thermostats to hydraulic motors for massive farm equip-

ment.

The name, Danfoss, is often little known being hidden behind the label of the manufacturer of the finished product but it is not a glory that Dan-foss grudges. The company philosophy is outlined by Mr Hans Gustavaen, vice president of Danfoss: "We see ourselves primarily as a supplier of high-quality components which help to make life easier and which contribute to the

environment."
In 1971 the Bitten and Made Clausen Foundation-was set up, named after the founder of Danfoss and his wife. The foun Damoss and ms whe. The roundation has held the majority of shares in the company since then. The share capital today stands at DKr400m.

Danfoss' position in Danish industry is rather unusual. This is not simply because it is one of the largest industrial manufacturers in an economy that is still largely dependant on the food and agricultural sector, but also because of its sititude towards exports.

The company sells 90 per cent of its products overseas and over the past five years average sales growth has been

8 per cent. Net sales for 1988 totalled DKr6,347m. Since the 1960s the company has been carrying out an almost text-book expansion into West Germany, Japan, the UK and most recently the US. It starts by opening sales representative offices, then progresses onto acquiring its distributor and finally taking over a factory.

The success of this formula The success of this formula seems to be borne out by the West German market which represents Danfoss' oldest overseas presence, the company having opened a hermetic compressor factory in Flensburg, in northern Germany, in 1856. Danfoss now holds a leading share of the West German market for compressors.

manufacture part of the prodnct in the country, even if it is pure assembly, or you will not have any credibility," says Mr

In 1979 Danfoss acquired its UK distributor, Dean & Wood, and five years later it took over a UK company which produces flow instruments, Flowmeter ing Instruments. The market that Danioss is now boping to penetrate is the US where it has bought an electronics com-pany, Hampton Products, now a subsidiary of Danioss Elec-

a substitute of Daniels Elec-tronics.

"If we do buy another fac-tory in the US it will be a 100 per cent takeover, we do not believe in doing things by halves," says Mr Gustavsen. This theory of doing things throughly has been carried out in the internal structure of

"If we do buy another factory in the US it will be a 100 per cent. takeover, we do not believe in doing things

by halves"

Last year the company began a vigorous decentralisation programme aimed at pre-venting it from slipping into the inherent bureaucratic singgishness of a company with more than 13,000 employees. An added concern has been the possible damaging impact of any further expansion of Danfoss' headquarters, already 7,000 workers strong, on the small surrounding agricultural

communities. The company's wide range of products have been divided into six product groups which have become financially auton-omous to a great extent. Each product group has to purchase materials and services from another product group at full cost. This has meant that each group could look for suppliers uniside of the Danfoss group. It has also acted as a spir to

increased productivity and lower costs. Danfoss has fought shy of the recent spate of mergers in preparation for the European single market in 1992 that has swept all sectors of Danish industry. As Mr. Gustavsen explained: "We already have a strong

market for compressors.

"If you want make any real laading us to successful make any real make any real laading us to successful make any real make a

Xueling Lin

supremacy of SAS in the region. But the outlook could change with the onset of deregulation. Closer air links to Britain have already been established through Birmingham and the group is busy building up the air freight company that it started two years

Moeller has diversified outside the energy and transport industries. It can now be found in the manufacture of components for the car industry like brake pads, fan belts end radiator hoses, as well as the pro-doction of automatic sandmoulding machines, cooling conveyors and other advanced technology for the foundry moulding machines, cooling conveyors and other advanced technology for the foundry industry; and the manufacture of plastic products, disposable sterilised articles for medical use and FVC aheeting. The group has even advanced into the food and retail business through joint ownership of the Dansk Supermarket chain with F Salling of Arhus.

But the growth of Moeller than new EC company law which will require a different approach, perhaps making the group more sensitive to the outside world. On present form, Moeller will have nothing to worry about. And perhaps was begin to appreciate the existence of the group as a highly successful business.

Robert Taylor

beyond the core shipping busi-ness has not diluted its underlying philosophy based on unfashionable virtues like self-discipline and the sharing of responsibility through duty. Over 2,000 young people apply every year for a joh with Moeller and the 85 who are successful have to go through a demanding training in lan-guage and management skills. Company executives believe that Moeller will have to adapt to the needs of the European Community, though 1992 is not particularly central to the group's strategic thinking. It is tha new EC company law

Success on the seas

had its first round of students from the UK, Hong Kong, Japan and Spain.

"We give the atudents a chance to work with fur which Continued from Page 5 Maersk Air started its activities in 1969 and it is now a partner in Danair, the Danish domestic line. The group has only around 8 per cent of the Scandinavian market with a majority of the domestic routes within Denmark and is no immediate threat to the

JUTLAND

Xueling Lin



ding business daily. It also occupies a prominent position as regards foreign news, having its own 17 correspondents in Western Europe, Eastern Europe, The USA, The Middle East and Tha Far East. Furthermore it is the Danish newspaper that has expanded most for the last

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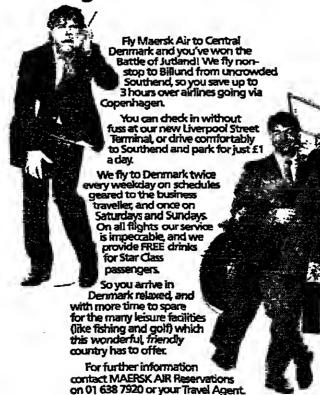
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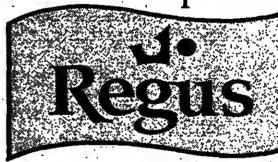
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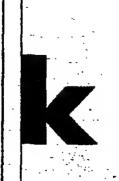
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NOVO/NORDISK

Agreeable arranged marriage

NOVO INDUSTRI and Nordisk Gentofte, Denmark's two hig-gest pharmaceutical compagest pharmaceutical compa-nies, are on the brink of a new future together. They hope to have their agreed merger blessed by their shareholders on April 20 so they can prepare their strategy for the 1990s as a major player in the highly competitive world pharmaceu-

tical industry. The new conglomerate -Novo/Nordisk - will have an estimated turnover of more than DKr6bn, equity capital and reserves of DKr6.5bn and 7,350 employees across the world. It will become the second biggest company in Den-mark with an expected 7 to 9 per cent rise in its sales and

earnings this year.

"The merger makes sense for both our long-term developments," argues Mr Mads Ovil-. Novo's chief executive. He is pleased that the two compa-nies have recently reported healthy profits for 1988, under-lining the fact that their merger has not been forced on either of them because of financial weakner It is very much what he

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describes as an "arranged mar-riage" but not at the point of a shotgun. While Novo enjoyed a 30 per cent rise in its pre-tex profits in 1983 rising to DKr904m, Nordisk had a 16 per cent jump in its profits to DKr144m.

The primary reasons for the unification of two companies that have spent most of their lives since their formation in the early 1920s in fierce business rivalry, lie in the cost benefits to be gained particularly in the marketing and research of their pharmaceutical prod-

tects.

Mr Ovilsen likens their traditional relations to the feelings generated between Swedish and Danish football supporters, but he believes there will be few serious problems in moulding the two together through a strategy of expansion.

The new company will start with 50 per cent of the world's insulin market and more than 65 per cent of all insulin sales in Europe.

In the US, Novo has not

In the US, Novo has not made as much progress as it had hoped in the face of the dominant position enjoyed by

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the US insulin manufacturer, EH Lilly, but this could change in the future.

Novo has enjoyed particular success over the past year in its sales of hormone replacement products, which went up by over 50 per cent to DKri00m.

With almost all its research and development concentrated in Denmark Novo/Nordisk can be expected to make further breakthroughs from pooling their resources.

"Our survival depends on us developing new products," says Mr Ovilsen. In 1988, Denmark was the first country to give the market go shead to Novo's new human insulin produced by the fermentation of geneti-cally engineered yeast cells.

More than 10 countries have followed suit and others are expected to join them soon.

The new conglomerate is also expected to build up its bio-industrial business. Last year Novo enjoyed a 13 per cent increase in its sales in that sector to a total of an especially strong market in the detergent industry for its

industrial enzymes Mr Ovlisen talks enthusiasti-cally of the group's future pros-pects in the field of "green chemistry" through the pro-duction of environmentally safe products and anti-pollut-ants. "We want to be a very specialised player on the bio-chemical scene," he adds.

The main reason for the merger of the two former rivals iles in the cost benefits of joint research

There is no reason to believe that the new conglomerate will not succeed. Admittedly the two companies who are about to merge have different cul-

But Mr Ovlisen is deter mined to ensure that Novo/ Nordisk will be an open, decen-tralised enterprise with encouragement for initiative from

Robert Taylor



BUILDING INDUSTRY

Slack sector looks overseas

may be going through a period of belt-tightening on the local building market, but they have not been complacent overseas.

Together with special financing from Danish mortgage credit institutions, they have increased exports from Dkr9.3bm in 1980 to Dkr18.7bm Mr Jesper Blon of the Danish Building Export Council, esti-mates that "the value of Dan-

ish building in the UK alone is at least Dkr2.5bn and there are probably between 500 and 1,000 Danish skilled workers work-ing on Danish sites in the UK." This use of domestic labour,

combined with the application of up to 70 per cent Danish products on the building site, is one of the characteristics of recent Danish projects abroad.
"Our skilled workers are pos-

sibly more disciplined and well-trained than their British counterparts," claims Mr Blou. "That is why many Danish companies go on using Danish labour, despite the fact they are paid nearly donble the wage of a British worker." This argument seems to be borne out in reality. Danbyg, which is one of the biggest

property development and investment companies in Denmark, started moving into the UK market in 1986 spending £8m on a site in Hammersmith. The company's British arm, Denbuild, is now building in west London. Despite, or per-haps because of, its use of Dan-

ish sub-contractors and suppli-ers, Danbuild has managed to keep building costs at the west London location at £50 a square foot which is consid-ered cheap by British stan-dards for type of construction

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institutions provide a special form of long-term loan that is based on the value of the property and not on the credit wor-

thiness of the customer. This form of financing has worked well in Denmark where the loans can total up to 80 per

cent of property value. Not surprisingly, local building companies are hoping to

campaign. The sites for the buildings have not been fixed

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been compa-nies involved in the construction of offices and factories. Office development, particu-

Denmark's building products export drive has coincided with a slump in domestic activity, particularly in the office and factory sectors

see a liberalisation of Danish law so that this form of financ-ing will follow them on their overseas projects.

The Danish Government has been encouraging on this point - the Housing Minister, Ms Agnete Laustsen, acknowledged that "the financial side of Danish building exports will be considerably strengthened by a change in the mortgage loan law which we hope to have passed this autumn by

parliament " part of a "m sive export drive encouraged by the qua-si-governmental Danish Export Council, 10 Danish building companies are planning to

companies are planning to build demonstration buildings in the UK, West Germany, Por-tugal and Spain.

Two demonstration build-ings, displaying Danish build-ing products, will be con-structed in the UK as part of

larly outside of central Copenhagen - which saw a boom over the last two years, fueled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have

in some cases. Local building has definitely had to face a cutback. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelung from the consultancy, Building Information.

slipped as much as 40 per cent,

Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new Dkr400m shopping and entertainment centre,

Scala, next to the famous Tivoli gardens and a planetarium in the banking district.

One of the largest heavy engineering projects to be undertaken in Denmark, the building of a Dkr17bn fixed link across the Great Belt, has given a welcome boost to the industry. The l8km link will connect Copenhagen to the Continent via the island of Funen and the Jutland penin-

The project has not only pro-vided major contracts for Dan-ish engineering companies, but has also prompted the plan for a 100,000 sq m new city centre in Odense, the largest city on

The contract for a major part of the link, called the West Bridge, was won recently by a consortium, European Store-baelt Group, which includes the UK company, Taylor Wood-row Construction, and the Danish company, Per Aarsleff.

The concrete bridge will carry both rail and road traffic and will cost Dkr29bn. As Mr Blon of the Danish Export Council explains: "Denmark could do with more projects like the Great Belt Link

because they provide Danish companies with the experience they need for overseas projects. All we need is a favourable political climate."

Xueling Lin

EAC A star in the East

THE EAST Asiatic Company is one of Denmark's most prestiglous international trading, manufacturing and transport groups with a profit last year of DKr344m and net sales of

Not bad for e business that was established in 1897 by Danish sea captain Hans Niels Andersen on the profits of a botel in Bangkok. From the very start, its market as a mer-chant enterprise was based on trade between Denmark and the Far East with subsidiaries established in Shanghai in 1900, the year of the Boxer Rebellion and in Singapore two

Today EAC has direct business operations in more than 40 countries. At the end of last year the group consisted of 128 companies with interests in a further 38 associated busi-

The company is far more than e trading and transport concern indeed, it has a diversity of business ectivities organised in seven separate divisions under the general strategic direction of the company from its headquarters in

"We favour a balanced development so that we can spread the risks and ensure that none of our sectors is forging ahead at the expense of the others." says Mr H H Sparso, EAC's presiding managing director.
But all our activities are based on our ability as good merchants. We are major players in the areas in which we

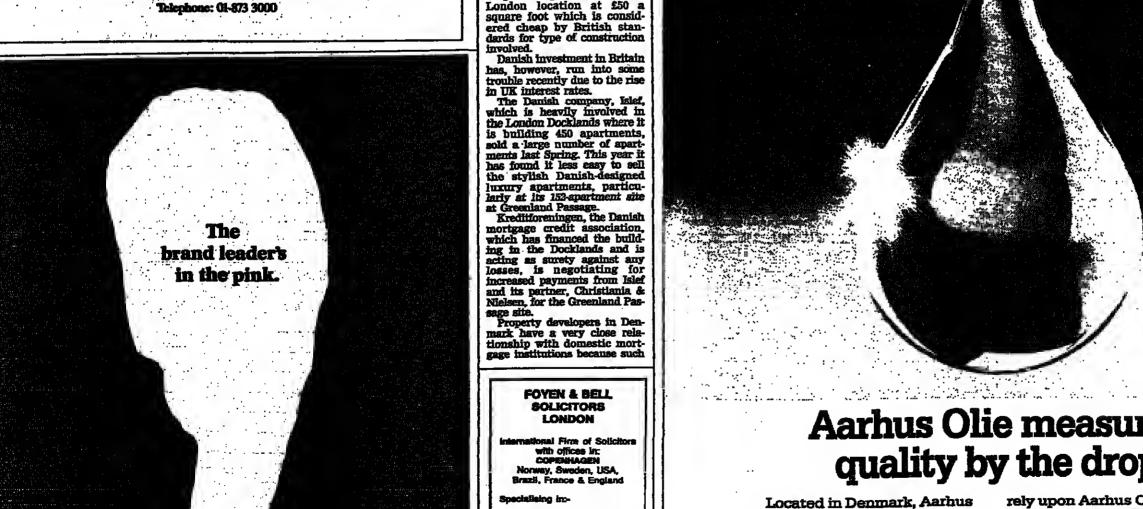
operate."
It is true that transport remains extremely important emong EAC's interests, accounting for 27 per cent of the company's profits in 1988 and 18 per cent of group turn-over with satisfactory results on the liner/container services between the East Asia and

During the second balf of 988, EAC in co-operation with the South Korean company, Hyundai Merchant Marine, enjoyed particular success on the routes between Asia and western Anstralia. But the company is also doing well in the carrying trade in forestry products between the west coast of North America and Europe through the management of Johnson ScanStar

company. EAC's trading division accounted for 22 per cent of the company's turnover last year. with strong results in its timber activities, especially in Australia, Canada, Brazil and the Philippines. With plantations in Malaysia

and an increasing trade with China, EAC continues to per-form satisfactorily in the area where it first began. But last year the company's

Continued on Page 8



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RESEARCH AND DEVELOPMENT

Major player in the field

DENMARK IS one of three OECD countries (the others are the US and UK) to have a technological balance of payments surplus: it sells more technology abroad than it buys.

But, at the same time, Den-mark spends the equivalent of only 1.2 per cent of gross domestic product on research and development. This is lower than most of the countries Sweden spends 2.79 per cent; Finland 1.50; UK 2.32; and Germany 2.67 per cent. The reason is that Denmark spends almost

nothing on defence R&D. The Danish research intensive industries - electronics, chemicals and pharmaceuticals

UNIRAS

Software

for the

scientist

ONE OF the best ways of

understanding exactly what happens inside an internal

combustion engine when the

fuel combusts is to picture it with the use of computer

The process is known as "scientific visualisation". The

term has become something of

a buzz-word in science circles

since the importance of com-

puter graphics techniques for scientific understanding were emphasised by a report by the American National Science

Foundation in 1987. A Danish software company,

Uniras, is at the forefront of this technology. It dominates the field in Europe, though is yet to dominate the US market despite a considerable presence

Uniras was founded in 1979 by Mr Mikael Jern, a Swede, and initially specialised in

producing graphics software to enable the oil industry to pro-duce three-dimensional colour

illustrations of seismic struc-tures. The oil industry is still one of its most important cus-

tomers. Uniras also supplies

equipment to universities in the UK, France, Germany and

user interface management system, which allows applica-

tions developers to design their own graphic interfaces on both workstations and mainframe

terminals. USEIT meets all the criteria which the National Sci-ence Foundation report defined as essential for "SciVI" tools,

according to Uniras. Uniras has a turnover of

about DKr100m. Xueling Lin

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a kingdom we have more than our fair share of castles and palaces spread right across our beautiful

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entist

Scandinavia, said Mr Jern.

Mr Jern.

 also seem to spend less on
 R&D as a share of value added than companies in the same industries in other Scandinavian countries, according to a 1987 report by the semi-official

Economic Advisory Council.

The Jeremiahs also claim that the high-tech share of Danish exports, at about 17.2 per cent in 1987, is too low, and the share of medium-tech products, at 30.2 per cent, markedly lower than in comparable

in fact the high-tech share of exports compares well with other countries (higher than in Holland and Norway, a little lower than in Sweden, but half the share in Swiss exports), while the large share of low-tech products is accounted for by the big role played by agri-culture in Danish exports. The Danish electronics and

scientific instrument industry plays a bigger role in Danish exports than in the exports of any other European country except Belgium, according to the Association of Electronics Manufacturers in Copenhagen, and per capita exports of phar-maceuticals are higher than in any country except Switzer-land, the pharmacenticals

manufacturers claim.

A high level of achievement in pharmacenticals is exempli-fied by Novo for insulin and industrial enzymes, Nordiske

Genfotite for insulin and blood which has just introduced a new anti-depressant, which lacks the side-effects of the products in circulation for the

Radiometer and Bruel & Kjær in medical electronics, Foss Electric in flow control equipment for the dairy industry. Bang & Olufsen in consumer electronics, Storno in radio communications equipment, are a few of the out-standing players in this field. Other articles here give a hrief introduction to a few other outstanding products or

Hilary Barnes

COMPUTERS

An expanding network

THE RC 9000 is a revolutionary new computer that can detect its own faults. Developed by one of the oldest computer companies in the world, the Danish Regnecentral, has come up with a computer that can cope with large inputs of information and not make any mis-

with banks and insurance companies using reservation systems in mind. It is able to handle very large amounts of incoming and outgoing infor-mation even if the information is being constantly undated what is known as on-line facili-

The major breakthrough with the RC 9000 is its high

level of reliability. Built to be "fault tolerant" it can continue to work accurately even if there is a failure in the system.

When the computer discovers a problem it immediately isolates the area and it works out for itself how to continu to operate in spite of the fall-ure. The computer is made up of loosely connected processing units which can be put together in different combinations like toy building blocs.

This new computer "architecture" means that the RC 9000 has a very flexible capacity and can have up to 32 interconnected processing units. Each unit is capable of making 15 transactions per second.

medium-sized compoter, is based on a UNIX operating system, a system traditionally used only for small departmental systems, which means that a company wishing to expand its capacity with a RC 9000 can go on using its old software on the new computer.

The RC 9000, which is a

The new computer will make its debut in the UK in the communications network, the City Fiber Network. The network transports telephone and data traffic via optic fibre cables and the RC 9000 will be used to coutrol this heavy flow of

Xueling Lin

Ground-meat products

Meat group blossoms

THE BIGGEST single investment ever made in the Danish food-processing indus-try is being made by Tulip, the meat processing group, in a plant for ground-meat products in Velle, Jutland. The plant cost Tulip DKr350m last year, and the final cost will be

higher. When the plant is in full Uniras' latest advances are designed to make life easy for operation it will produce 195 products totalling 55,000 tonnes the scientist with a programme called USEIT, introduced last year. The process is controlled by a computer inte-grated manufacturing (CIM) wants to dial up and get graphics out of the machine," said system, which brings together administration, planning and It is a hardware independent,

production control. One result of the work on the Veile plant is that Tulip has become the first meat processing business in Europe to be awarded funds under the EC's Brite research pro-

Together with software com-pany Procos in Copenhagen, Danbrew, a subsidiary of Carisberg, and OSL, a Dutch software company, Tulip will

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receive DKr8.5m for the development of computer integrated manufacturing systems for the food processing industry. The purpose of the Veile

investment is to centralise production of sausage and lun-cheon meat products and liver pastes in one plant (Tulip has four old plants) and to use the newest technology to achieve

maximum efficiency.

The plant was inaugurated last autumn, but it has experienced a lot of teething troubles and will not be working at full capacity until the autumn of this year, said Tulip's develop-ment manager Mr Lars Niel-

The problems have not arisen with the computer systems or software, he said, but with some of the mechani-cal machinery and transport systems, many of which are

prototypes. Pumping some of the cosrser ground-meat through pipelines proved to be more difficult than expected, for example.

The biggest difference between the Tulip plant and other plants performing simi-lar tasks, said Mr Nielsen, is that the Tulip plant has six production lines - twice as many as any other plant enabling it to turn ont a

Fully-manned, the Vejle plant will employ 233 people. If the same output were to be produced at Tulip's four exist-ing plants, it would require an extra 200 staff, costing DKr44m more in wages alone, says

Hilary Barnes

Health foods

Peas for thought

HEALTH FANATICS may soon be able to abandon the tepid joys of toru, a protein rich vegetable "cheese" made from soya beans, in favour of a new pea protein being produced by a Danish food company, De Danske Sukkerfabrikker. The new pea protein, which looks like flour, can be added to different meat products to give the same protein and nutrition content as meat while avoiding the high-cholesterol animal fat

The major breakthrough in the production of the pea pro-tein was the discovery of an ultra-flitration process which separates the carbohydrates from the proteins - the carbohydrate part of the pea being indigestible to humans. In the new process the peas are

Only at the very last stage is the water removed and the dif-ferent parts dried so that one is left with four flour-like products and a brown pea molasses. The pea molasses contains the carbohydrate part of the per and is used as animal fodder.

The company is also hoping to carve out a niche in the UK and US markets, where consumers have the contradictory desires of sating white bread but wanting the health advan-tage of a high fibre content. There the new pea fibre can be mixed with normal wheat flour, without discolouring the bread or changing the taste to produce a white bread with the same fibre content as whole-

The pea fibre also has the added virtue of having the same water-binding qualities as animal fat so that it can be used as a substitute for fat in the production of juicy mest products such as sausages and

A star in the Far East

most successful activities were in the distribution and marketing of equipment and products for the international graphics

for the international graphics industry.

The husiness provided 31 per cent of EAC's gross profits in 1988 and 20 per cent of the turnover and EAC expects growth in this sector to continue this year. Although it has done well in North America as well as Britain in the graphics industry, the comgraphics industry, the com-pany has also been able to take advantage of its traditional Aslatic presence by opening up the China market as well.

Similarly in its consumer products division, EAC continues to perform strongly with its Asiatic customers notably

in Malaysia, Thailand, Hong Kong and Singapore. However, EAC is far from just being a company with an over-dominant part of its business ectivities based in Asia. Flumrose, with 23 per cent of the group's turnover in 1988, has strong production units in meat products, fish and vegeta-bles particularly in Britain, Australia and New Zealand as well as Venezuela.

The company has an interest in hydrocarbons and real estate with a number of subsidiaries in the chemical and synthetic industrial textiles sector, primarly centred on Denmark. It also participates in oil and gas exploration in Danish waters in the North Sea.

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There are, in fact, several different products being devel-oped from the peas, which can be used in the meat and brewing industries and bakeries. The new pea protein costs only DKr18 per kilo, considerably less than animal and even soya

mixed with water to form a "pea soup" which means they can be cleaned better.

The soup is then broken down into five different parts
- the pea shell, protein, fibre,
starch and carbohydrates which are repeatedly washed.

The only area where EAC has experienced real difficulties recently is in its information technology division, which is chiefly centred in the US and

Denmark though it has had some positive results in Thailaud and Saudi Arabia

"We have never lost sight of

our global perspective," argues Mr Sparso. With less than 10

per cent of EAC's sales in Den-

mark it is not hard to under-stand why. Moreover, although

the group sees the creation of the internal market inside the

European Community by 1992

European Community by 1992 as an opportunity to develop more continental activities, it seems unlikely to lead to a narrowing of EAC's focus away from the rest of the world.

And yet the group has recently carried out what it calls a legislative audit of the legal framework for the internal market, looking closely at what the concept of a European company will mean.

pean company will mean.
Back in the early 1980s EAC
went through some stormy
waters, but it emerged relatively unscathed. Mr Sparso

believes that the company's merchant spirit, based on high

ethical standards and customer satisfaction helped to see it

To many Danes, RAC has a deserved reputation as a good employer. Nearly 500 a year try to get a job with the company but only about 20 are recruited.

Sitting in its impressive pan-elled head office, it is not hard to understand the esprit de corps that imbues EAC. In an unstable world market, it looks like more than holding its own.

Robert Taylor

pean company will mean.

Xueling Lin

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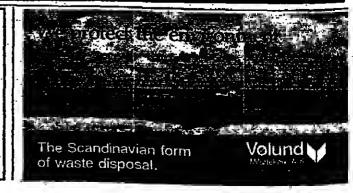
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User unfriendly

CFC GASES

been set by Denfoss, one of the world's leading manufacturers of refrigerator compressors, to produce a new compressor which does not release harmful CFC gases into the atmombers.

Scrapped refrigerator com-pressors have become a much publicised source of CFC gas release into the environment, which is why Danfoss will spend a total of \$10m on research to find an alternative in the next 3-5 years.

Danfoss does not, however

produce any gas itself, and the research is directed solely at designing efficient new compressors. At present the com-pressors of refrigerators and

nation of oil and Freon 12, a CFC gas developed in the 1930s when the harmful effect of CFCs on the ozone layer were

CFCs on the ozone layer were not known.

Freon, actually a Dupont trademark, acts as a means of transporting heat from within the refrigerator to the outside, while the cold is kept in the refrigerator. The new compressor, however, will use the recautly developed Freon 143A, which is not as efficient at transferring heat and cold as Freon 12, but which does not contain the harmful chlorine atom.

"The difficulty has really been to adapt the motor and pump in the compressor so

ciently as with the old Freen since any substantial increas since any substantial increase in energy consumption or drop in product life-span would also be harmful to the environ-ment," explained Mr N J Josiassen, head of production and development at the Danfoss Compressor Group. Preliminary tests suggest that the life-span of the new compressor should stay at the present length of between 15 and 20 years but that an increase in energy consumption of 8 to 8 per cent is unavoidable. The price of the new compressor will also go up by between 10 and 20 per cent.

FINANCIAL TIMES ____ GUIDE TO ____

INVESTMENT TRUSTS by Anthea Massey

Investment trusts are one of the best kept secrets of the investment world. This guide has been written to dispel the mystique and provide the investor with clear and concise information on how to move into and maximise the advantages of this long-established sector of the investment industry.

Highly illustrated with tables and graphs, the book gives a step-by-step guide to the various options available for the investor: it explains complexities such as discounts and warrants, and gives guidance on how to choose and how to buy shares in an investment trust.

Contents include: What is an investment trust How an investment trust works • Investment trusts versus unit trusts • How to buy investment trust shares • The different types of investment trust • The different ways of investing • Split capital investment trusts . Warrants . Choosing an investment trust • The managers • Reading the charts and ratios • Reading the reports and accounts Where to go for information
 Savings schemes for the small investor • Takeovers • Glossary en installe spinger des la paller en le Index.

Published August 1988

AGRICULTURE

Among the largest Grass food exporters

MODERN Denmark is the product of its successful emergence as an agricultural exporter in the final decades of became an important supplier of bacon, eggs and butter to the British market. The image of Denmark as an

agricultural country has stuck, which does not please its man-macturers or the authorities, who are keen to promote an industrial image for the country. By any reasonable defini-tion Denmark is industrialised; only five per cent of the labour force is employed in agricul-ture and 70 per cent of its exports are industrial products. But Denmark's industry is neverthaless indissolubly linked to its agriculture, past

This point was made with some force in a study published last year by two Danish economists; Mr Kim Moeller and Mr Henrik Pade, in which they found that virtually all Denmark's most competitive exports, as defined by their share of world trade, were either agricultural or fisheries products. When the agricul-tural machinery and food pro-cessing machinery industries are added to the agro-indus-trial complex, these industries account for about 20 per cent of gross domestic product, while all other manufacturing industries accounted for about

20 per cent. In addition to the 133,200 employed in farming, 56,000 work in food processing and about 17,000 in machinery industries related to agricul-

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ture and food processing.

Denmark is the world's 16th largest food exporter, a considerable achievement for a country of 5 million. Agricultural exports in 1988 totalled DKr44.5bn (including EC export subsidies of DKr 6.5bn), some 22.9 per cent of merchan-dise exports. With the addition of processed products such as sugar, beer and butter cookies, the total came to DKr 53.2bn, or 27 per cent of overall

A much-discussed issue is whether Denmark's agricul-tural dependence is a problem or a boon. The problem arises because European Community

ful whether agricultural production and exports can increase significantly over the next few years. If Denmark's external deficit is to be eliminated by increased productivity, the onus for achieving this is likely to fall on the manufacturing sector, economists

argue.
Agricultural organisations are not too pessimistic, how-ever, as Mr Oien Hoen, a director of the Danish Bacon and Meat Council explained. "Dan-

The food processing industry will expand by increasing its production of

convenience foods, which now accounts for about 10 per cent of total output

ish producers should be able to win market shares as living standards rise in the southern European countries," he said. The food processing industry will expand by increasing its production of convenience foods, which now account for about 10 per cent of total out-

"And the big processing companies will invest in processing capacity, both in dairying and meat-packing, in other countries in order to secure enough raw materials to meet the demand for their products. Three meat processing co-operatives have already invested in slaughterhouses in Holland, the UK and Belgium, and MD Foods, the big dairy co-operatives in the control of th tive, is considering acquisi-tions in Europe and the US."

exporter, Denmark stands out for the high proportion of its exports which go to third countries. This goes back to the 1960s, when Denmark was not a member of the EC and was forced to find alternative mar-

This development has had a profound effect on some of Denmark's traditional markets. For example, the Danes now

have about 25 per cent of the market for imported bacon and pigmeat in the UK. The share

ter price. In 1988 pigmest exports to Japan totalled

ond leading market after the UK for Danish butter and Iran has overtaken Germany as a

market for cheese, by tonnage, though not by value.

though not by value.

Mr Hoen thinks that greater emphasis will be give to Europe over the next few years, partly because other suppliers, such as Taiwan, will gradually displace Danish pigmeat in Japan and partly because of the opportunities arising from the completion of the EC internal market in 1992.

In the primary agricultural

In the primary agricultural sector, profound and painful

changes have taken place dur-ing the 1980s. There are now about 40,000 farms which oper-

ate on a full-time basis. In 1970 there were about twice this

The change is well illustrated by developments in pig production. In 1970 there were

98,909 farms sending pigs to slaughter, but only 17 per cent came from farms delivering

more than 500 pigs a year. In 1988 there were 39,141 such farms with 77 per cent of the

pigs coming from farms delivering more than 500 and 30 per

cent from farms delivering

There have been two major financial crises in agriculture

within the past 10 years, in 1979-82 and 1986-88. The effects

of the latter have not yet worked themselves out; many more farms will be sold over the next two or three years. Nevertheless, this spring has seen a return to a more opti-

mistic mood in agriculture,

and the explanation, in a country where pigmeat is the single

most important export, is not

hard to find: the producer price

for pigment has been raised three times since the New

more than 3,000.

firm grows

SEED

was for many years between 42 per cent and 43 per cent. The meat is now exported to Japan instead, where it fetches a bet-DANISH GRASS seed is less well-known than the country's bacon and butter but it enjoys 126,000 tonnas, worth DKr3.85bn, compared with 150,700 tonnes exported to the UK, but worth only DKr2.76bn. Saudi Arabia is now the sec-

hacon and butter but it enjoys
a more dominant position in
Europe than either of these.
Danish companies account
for about 60 per cent of the
grass seed sold in Europe. The
leading domestic seed company is the Odense-based
Daehnfeldt, which was
acquired last year by Booker,
the UK food and agro-industrial group.

trial group.

The country's prowess in seeds was established by farsighted farmers a century ago, who saw the market potential of pure seed. Since then pro-duction know-how has been handed down through genera-"Booker did not only buy a

firm; they bought the seed development know-how of a couple of thousand farms," said Daehnfeldt's managing director Mr Hans Laurids

Johansen.

Besides grass seed, Daehnfeldt has pioneered flower breeding, and its subsidiary, Ohlsens Enke, is a leader in vegetable seed and breeding. At its research station near Odense (which is also the centre of the domestic horticul-ture industry), Daehnfeldt has 11,000 square metres under glass, of which 5,600 are used for plant davelopment and

research purposes.
Plant development from tissue culture is one of the leading lines of development. The technique, by which a few cells are developed in a growth culture, produces in the course of a single season a million identical plants from a single culture. This is the central concept in the marketing of potted flowers, such as begonia, cyclamen and gerbera.

The acquisition of Daehnfeldt by a non-Danish company caused considerable controversy, but Dachmeldt and its versy, but facilities and his employees are happy with Booker. "It is a big advantage to join a big international company, which provides much greater opportunities for expension MD FOODS

Dairy co-op goes for size

THE Danish agricultural processing industries are almost entirely controlled by co-operatives owned by farm-ers and run on a basis of one

member, one vote.

The co-operatives, which established their dominance at the end of the last century and have never let it slip, give farmers control of the entire production process from the farm to delivery to the retailer or distributor. or distributor. The co-operatives, however,

are sometimes criticised as being out of step with the times. They have become so big that they have lost contact with their members, according to some critics. Another criticism, which appears in a Min-istry for Industry analysis of the food processing industries, claims that Denmark has failed to maintain its share of world food markets because the cooperatives have paid insufficient attention to developing new products, spend too little on research and development, and that their potential for expansion is limited by their inability to attract external risk capital.

At the headquarters of MD Foods in Agrhus, Jutland, not much credence is given to the critics, which is not surprising. MD Foods controls about 60 per cent of the Danish dairy sector ("If any one wants to buy us out, they've got to buy 12,000 farms," said interna-tional director Mr Finn Christensen) has a turnover of over DKrilbn, and employs 6,000 people. It is the third largest dairy group in Europe and fifth in the world.

It has been created over the past 18 years by the merger of a large number of small dairies into one big group - which is still a co-operative and still controlled by the votes of the farmers.

The name MD Foods is new. It was introduced last autumn in order to stamp a corporate identity on the collection of cooperatives and products which had joined the organisation over the years. The name was also chosen in order to imprint the name of the dairy giant in the minds of consumers and, perhaps more importantly, buyers from the food trade all over the world.

Size is regarded as crucial as competition increases in the run-up to the EC's internal market. "MD Foods today has the strength to take on the international food giants; a strength that will ensure that the Danish dairy industry will not be routed when the big multinational companies show man Mr Rasmus Jensen, a dairy farmer himself, told members in the annual report for 1988. The company's main markets are in Europe, the US, Saudi Arabia and Brazil, but it exports to more than 100 countries. About 45 per cent of the

exports.
Mr Christensen said that the group's strategy is to be suffi-ciently big so as to be in a strong position against buyers from the retail sector, in which large chains are expected to cquire an increasing dominance. Sometimes products will go into stores with an MD brand name product, some-times under the store's own brand name. "The thing is to make sure our products are in the stores in one way or

group's turnover comes from

another," he said.

Traditionally the dairies took the market as given and sold what they produced. Now, Mr Christensen says, "if we can find a market, we produce a product we can sell to it."

For every ple MD Foods, has For example, MD Foods has just introduced a cow-milk variety of a traditional Spanish cheese made from goat or sheep milk, while in Hong Kong a market has been found for a milk product for babies. Production of Danish milk is limited by the EC's milk quota policy. The group is therefore considering buying dairies elsewhere. It is looking at the UK and the US especially, but

so far no investments have been made. Expansion into production of non-milk based foods is another line of development. This would exploit the group's technology and expertise in dairying and its existing channels of distribution for juices, pureéd fruits and coffee whiteners, among others. More convenience foods, especially desproduction programme.

Hilary Barnes

TULIP

Drive to improve earnings

TULIP, the meat processing co-operative, accounts for about 25 per cent of all pigs delivered for slaughter in Den-mark. It is not only the biggest abattoir and meat processing business in Denmark but the

biggest in Europe.

The group is the result of a process which has seen the number of co-operative meat processing groups reduced from more than 50 in the 1960s to nine today. Between them the nine groups took delivery of 15.8m pigs in 1988, up from

under 10m in 1970. Tulip, which has its bead-quarters in the east Jutland town of Vejle, is owned by 15,000 farmers. It has a labour force of some 6,000. It took delivery of 3.6m pigs and 113,000 cattle last year, its 1988 turnover of DKr6.3bn was almost double the figure five years ago.

. Earnings in the pigmeat sec-tor have not been impressive over the past three years. This

is partly because the deprecia-tion of the dollar in 1985 affected exports of canned hams to the US, and also because of tough competition in all markets and relatively high Danish wages and interest rates.

Tulip's net profit in 1987-88 fiscal year was DKr128m, compared with DKr104m in 1984 when turnover was only DKr3.7bn. Group equity capital of DKr382m is only 17.1 per cent of assets.

Substantial investments in rationalisation, a new process-ing plant for ground-meat prod-ucts, and in convenience foods also helped to explain the dip in Tulip's earnings. Last year Tulip invested DKr543m, which was double the 1986-7 level and five times as much as in 1984. It is hoped that these investments will improve earnings, especially when the group's modern ground-meat process-ing plant is fully operational

Tulip has so far sold traditional products to traditional markets, says director Mr H A Carstensen. Thase include bacon and fresh meat to the UK, where Tulip Meat com-pany is the leading supplier of Denish meat, fresh meat to Japan and canned hams to the

About 27 per cent of sales are domestic, 35 per cent go to the rest of Europe, 20 per cent to Japan and 12 per cent to North America at present.

The European market is expected to become more important in the future, both under the influence of the European Community internal market in 1992 and because it is a growth market for prod-ucts with high value added, such as convenience foods.

Denmark's high veterinary standards have given it an advantage in its export efforts, but the price of this is that the country has Europe's highest raw material costs for a pro-

cessing indostry. A gradual improvement in veterinary standards in Europe, bringing them up towards Danish levels, is expected to give Denmark an advantage by equalising raw material prices in Europe, said Mr Carstensen.

Tulip is a well-known brand name in some markets, but the consumer of the bulk of Tulip's products is probably not aware that the meat is Danish, let alone that it is Tulip's, Future sales strategy will use the brand name for some products, but often the product will be sold under the brand name of a retail chain.

Tulip is not one of the slaughterhouse groups which has so far bought equity in a slaughterhouse elsewhere in Europe, but this could be the net step in its strategy to ensure that it can meet future

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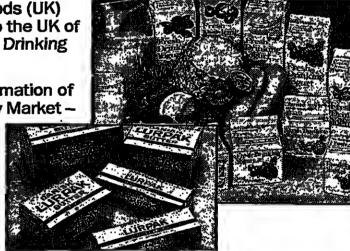
Novo Industria Group Novo Industri A/S. Novo Alié 2880 Bagsvaerd, Denmark Tel. +452982333 Fax +452982733. Telax 37173 Novo Enzyme Products Ltd. 9 Lion and Lamb Yard. West Street Farnham, Surrey GU9 7LL, U.K, Tel. (0252) 711212 Fax (0252) 711187/Telex 858383

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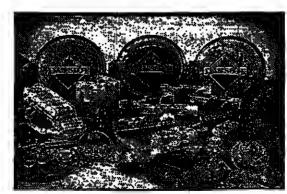
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Hilary Barnes provides a guide for the business traveller

Be on time and come to the point



Phones: All area codes are changing in mid-May, therefore all current phone numbers will soon be out of date. Area codes must be dialled for all calls, including local ones. The Denmark code for international calls is 45. Dialling out of Denmark, the Hotels: Room rates in the top range hotels in Copenhagen are Dkr1,000-1.500 for a single not always with breakfast. Palace 01144050; Hotel d'Angleterre 01120095; Plaza 01149262; SAS Scandinavia

01112324; SAS Royal 01141412; Sheraton 01143535; King Frederik 01125905; Imperial 01128000; and Admiral 01118282 are all central and are all central and recommended.
Travel: Kastrup International Airport is the main airport for Copenhagen. Duty-frees at Kastrup are among the cheapest in Europe. SAS bookings 01137277; airport information 01541701.

There are domestic flights timed to suit the business traveller to Odense (Funen), Aarhus, Aalborg, Thisted, Esbjerg, Billund, Sonderborg (all Jutland). Bookings through SAS or other airlines.

Plenty of taxis in the big towns, with tariffs matching the country's high-cost reputation. Copenhagen has an efficient

suburban train (S-tog) service and a good bus service. Avis 01152295; Herz 01127700; and InterRent 01140111 offer nation-wide car hire services. SAS offers a limousine service business travellers.
Eating out: Copenhagen has dozens of excellent, small restaurants, including an increasing variety of ethnic restaurants if you want to get away from hotel dining rooms. Central: Kong Hans, Joanne'a, Egoisten, Copenhagen Corner, Peder Oxe, Lumskebugten, Fiskehuset (fish), Cranks

(vegetarian), Kommandanten. Les Etoile et une Rose, Sorte Rayn, Leonore Christina. Mavil, Leonore Christina.

Lunch restaurants specialising
in Danish open sandwiches
include Ida Davidsen, Gitte
Kik, Skt Annae, Gilleleje, In summer, there are several good restaurants in the Tivoli amusement gardens, Divan II, Nimh, Balkonen.

At meals, do not raise your glass until your host or hostess does so, then look everyone at the table in the eye before you drink, and do not put your glass down until you see your host or hostess doing so.

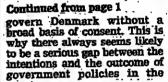
If invited out privately, always take a small gift for the hostess - flowers or chocolates, for example.

In business, be on time, and come to the point; the Danes do not expect to spend 20 minutes getting to know you before they talk business. Business advice: The hig

01128600; Privatbanken 01111111; SDS 01131389; Andelsbanken 01145114; and Andelsbanken 01145114; and for Jutland Provinsbanken 006252711; and Jyske Bank 06821122. The Federation of Industries (Industrizadet) 01152233; the Agricultural Council (Landbrugsraadet) 0144672; the Tourist Council (Turistraadet) 01111415; and for independent analysis of the state of the political and the state of the political and economic situation The Scandinavian Economies: 01142127. British Embassy 01264600. US Embassy 01423144. British Business Lunch: last Friday in month. Visitors welcome: contact Hilary Barnes 01142127, Fax 01988032). Public holidays: December Public nondays: December 25-26, January 1, Maunday Thursday, Good Friday, Easter Monday, Great Prayer Day (fifth Friday after Good Friday), Ascension Day, Whit Monday, Constitution Day (June 5).



Shake-up plans

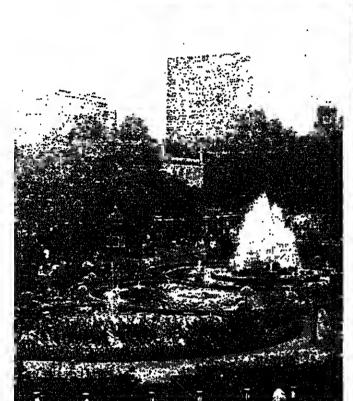


country, Mr Schlüter, after last year's Mr Schlüter, after last year's May general election, managed to win over the pivotal Radical Liberals to join his coalition. Traditionally the party believes in the market economy and a pacifist foreign policy. Its backing is vital for the survival of the government. Mr Niels Helveg Petersen, tha party's leader and now economy minister, seems ready to go along with what some minomy minister, seems ready to go along with what some ministers are already calling the "horror" package designed to remedy the country's economic problems but he insists: "We have to do a deal with the Social Democrats in it." The recent compromise settlement on defence is seen by him as the kind of broad-based deal that might succeed in another controversial area.

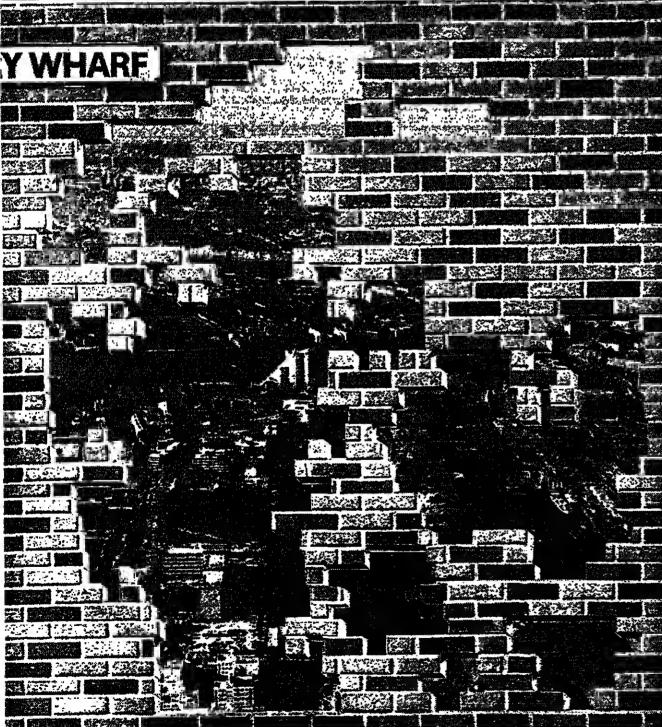
yet the uncertainties of the parliamentary situation suggest that in the inevitable give and take Mr Schlüter will have to surrender more of his original package than is economically sensible. But then a Dane in a hair-shirt is an unlikely figure. As Robert Molesworth, a perceptive English diploingure. As Robert Molesworth, a perceptive English diplomatic observer of the Danish scene in 1692 recalled of the Danes: "They live but from hand to mouth and therefore as soon as they get a little money they spend it. They live today, as the poet advises, not knowing but what they now have may be taken from them tomorrow." However, he went on: "There is a moral impossibility all these taxes and impossibility all these to battle against the tide of Danish history to make his country the kind of competitive economy he would like to see, whatever encouragement he is receiving today from opinion parveys and his political collegues.

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